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ABSTRACT

This Congressional report contains the testimony and documents presented for the record at the second of two hearings on the effects of welfare reform and the Temporary Assistance for Needy Families (TANF) block grant. Other areas receiving particular attention from witnesses included the impacts of education and training on employment patterns and welfare recipients' success in achieving economic self-sufficiency and the adequacy of the education and training authorized under TANF. The oral and written testimony focuses on the work requirements within the welfare reform bill that Congress passed in the 1996 legislation. The oral statements of the following individuals are presented: Howard "Buck" McKeon and Patsy T. Mink, Subcommittee on 21st Century Competitiveness, Committee on Education and the Workforce, U.S. House of Representatives; Lynn A. Karoly, director, Labor and Population Program and Population Research Center, RAND Institute; E. Mona Garland, director, Opportunities Industrialization Center of Greater Milwaukee, Wisconsin Works; LaShunda Hall, former Wisconsin Works participant; Rodney Carroll, president and chief executive officer, The Welfare to Work Partnership, Washington, D.C.; Martha Davis, legal director,

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NOW-LDEF, New York; and Jennifer Brooks, director, Self-Sufficiency Programs and Policy, Wider Opportunities for Women. The report's eight appendixes contain the written statements submitted by the witnesses. (MN)

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WELFARE REFORM:
SUCCESS IN MOVING TOWARD WORK

HEARING

BEFORE THE

SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS
OF THE

COMMITTEE ON EDUCATION AND
THE WORKFORCE

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, OCTOBER 16, 2001

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WELFARE REFORM: SUCCESS

IN MOVING TOWARD WORK

Tuesday, October 16, 2001

House of Representatives,

Subcommittee on 21st Century

Competitiveness,

Committee on Education and the Workforce,

Washington, D.C.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 2175, Rayburn House Office Building, Hon. Howard P. "Buck" McKeon presiding.

Present: Representatives McKeon, Isakson, Castle, Souder, Mink, Wu, McCollum, and Hinojosa.

Staff Present: Stephanie Milburn, Professional Staff Member; Scott Galupo, Communications Specialist; Patrick Lyden, Professional Staff Member; Whitney Rhoades, Legislative Assistant; Deborah L. Samantar, Committee Clerk/Intern Coordinator; Heather Valentine, Press Secretary; Ruth Friedman, Minority Fellow; Joe Novotny, Minority Staff Assistant/Education; Brendan O'Neil, Minority Legislative Associate/Education; and Michele Varnhagen, Minority Labor Counsel/Coordinator.

Chairman McKeon. A quorum being present, the Subcommittee on 21st Century Competitiveness will come to order.

We are meeting today to hear testimony on the effects of welfare reform. Under Committee rule 12(B) opening statements are limited to the chairman and

ranking minority member of the Subcommittee. That should be easy. Therefore, if other members have statements, by unanimous consent the hearing record will remain open 14 days to allow members' statements and other extraneous material referenced during the hearing to be submitted in the official hearing record.

Hearing no objection, so ordered. I will begin with my opening statement.

OPENING STATEMENT OF CHAIRMAN HOWARD P. "BUCK" McKEON, SUBCOMMITTEE ON 21st CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATON AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, D.C.

Good morning. Thank you for joining us for this important hearing. The Subcommittee is holding its second meeting to date to hear testimony on the effects of welfare reform and the Temporary Assistance for Needy Families block grant.

The purpose of today's hearing is to continue to examine the effects of welfare and its impact on work and families. In particular, we will focus more specifically on the work requirements within the welfare reform bill passed by the Congress in 1996. Even with the strong economy of the late 1990s, studies are confirming that welfare reform is largely responsible for the declining caseloads and the increase in work.

At our first hearing on the issue last month, we heard that welfare reform has had a number of positive effects. Caseloads are down more than 50 percent. Incomes are up and child poverty has fallen further than at any time since the 1960s. There are many factors behind these results, but none more important than work. The focus on work requirements has changed the whole culture of the program for all those involved; state staff, recipients, and even the general public.

During the strong economy of the 1980s, families did not leave the welfare system for work because they really had no incentive to do so. Unlike the old AFDC program where individuals lost all of their cash assistance if they went to work, States now have the flexibility to create incentives for families to go to work.

States and Federal welfare reform laws have created a new work ethic in our welfare system and for the families that had come to depend on it. However, at the same time, we continue to be concerned about family outcomes.

All of us are interested in the impact of welfare reform on poverty. There are some interesting recent statistics on this topic that I would like to share.

Recently released Census Bureau data show that female-headed families had their lowest measured poverty rates ever in the year 2000. One of the hallmarks of

welfare reform has been the reduction in the number of single mothers without earnings and the increase in the number of single mothers with earnings. People in female-headed households with no workers have the highest poverty rate among household groups; two-thirds were poor. However, the proportion of single mothers with earnings has increased dramatically in the last few years.

A recent study shows that the number of single working women who head families with children rose by 20 percent from 1993 to 1999. As a result of obtaining earnings, these families moved from a category with a deep poverty rate, those without earned income, to a category with a poverty rate less than 20 percent. And we know welfare reform played a significant role in helping women make this transition into work. While we know that there is still work to be done the progress has been significant.

Today, we will hear from an analyst who is examining the multitude of research that has been done to date on welfare reform. In addition, we will hear from a practitioner and former recipient who will be able to share with us how aggressive work programs have changed people's lives. We will hear about the business community's commitment to hiring former recipients and researchers looking at welfare leavers and outcomes for families. I know all will offer us insight into the strides that have been made, as well as thoughts on further steps that need to be taken; and we look forward to their comments.

With that, I would like to recognize Congresswoman Mink for her opening statement.

WRITTEN OPENING STATEMENT OF CHAIRMAN HOWARD P. "BUCK" McKEON, SUBCOMMITTEE ON 21st CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATON AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, D.C. – SEE APPENDIX A

STATEMENT OF RANKING MEMBER PATSY T. MINK, SUBCOMMITTEE ON 21st CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATON AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, D.C.

Mrs. Mink. Thank you very much, Mr. Chairman. I want to congratulate and compliment you for calling this series of hearings on the condition of the poor in our society and the impact that the Welfare Reform Act, known as TANF, has had on the women, particularly who are single moms and who have desperately tried to provide for their families and found circumstances wanting.

And it is appropriate, I think, for this Committee to engage in early discussions about shortcomings in the TANF legislation, because we will

undoubtedly be dealing with it next year during the reauthorization of the welfare bill. And one of the issues that we will be discussing today has to do with the very limited education and training opportunities under TANF.

Under the law that we passed, there is only a 1-year possibility of work training or vocational education being considered as work activity. And if you are not in work activity, then the time counts against you in terms of your eligibility for continued protection under the welfare program.

As you know, there is the initial 2-year limit then and the lifetime 5-year limit. So we, I think, need to look very, very carefully at the limitations that were structured in the Federal legislation and to understand that the potential for welfare recipients to improve is proportionate to their opportunities for education.

And so I welcome this opportunity, Mr. Chairman, to look critically at this issue and look forward to the impact it will have on next year's deliberations. Thank you very much.

Chairman McKeon. Thank you.

Before the witnesses begin their testimony, I would like to remind the members that we will be asking questions of the witnesses after the complete panel has testified. In addition, Committee rule 2 imposes a 5-minute limit on all questions.

I would now like to introduce our panel. We have Dr. Lynn Karoly, Director of the Labor and Population Program and Population Research Center from the RAND Institute in Santa Monica, California; Ms. Mona Garland, the Director of the Opportunities Industrialization Center of Greater Milwaukee, Wisconsin Works, from Milwaukee, Wisconsin; Ms. Lashunda Hall, former Wisconsin Works participant, also from Milwaukee, Wisconsin; Mr. Rodney Carroll, President and CEO of the Welfare to Work Partnership from Washington, D.C.; Ms. Martha Davis, Legal Director, NOW-LDEF.

Ms. Davis. Yes, Legal Defense of Education Fund.

Chairman McKeon. That is the acronym then.

Ms. Davis from New York; Ms. Jennifer Brooks, Director of Self-Sufficiency Programs and Policy, Wider Opportunities for Women, Washington, D.C.

Let's hear first from Dr. Karoly, please.

STATEMENT OF LYNN A. KAROLY, Ph.D., DIRECTOR, LABOR AND POPULATION PROGRAM & POPULATION RESEARCH CENTER, RAND INSTITUTE, SANTA MONICA, CALIFORNIA

Dr. Karoly. Good morning, Chairman McKeon and members of the Committee. My name is Lynn Karoly. I am a Senior Economist and Director of the Labor and Population Program at RAND, a private nonprofit research organization based in Santa Monica, California. The testimony I present today draws on my ongoing research at RAND and does not necessarily represent the position of RAND or any of RAND's research sponsors.

I am very pleased to have this opportunity to speak with you this morning about the impact of welfare reform on work, including the effect of work requirements. My remarks today are based on an extensive review of the national research literature that aims to identify the impact of welfare reform as a whole, as well as specific reform policies, such as work requirements, on various outcomes including employment and earnings, welfare use, income and poverty, and child well-being. This extensive literature review forms the core of a project known as the Temporary Assistance for Needy Families, or TANF, synthesis project, which is being conducted by RAND through a contract from the Administration for Children and Families of the U.S. Department of Health and Human Services.

I serve as the principal investigator of the project, which is a collaborative effort with Jacob Klerman and Jeffrey Grogger.

In my testimony today I want to start by presenting some background on the approach of the synthesis project, and then discuss our conclusion in the area of work requirements. Finally, I will discuss some issues for TANF reauthorization that emerge from this research effort.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, we all refer to that as PRWORA, which implemented the TANF program was enacted to further several goals: reduce dependency, increase employment, reduce unwed childbearing, promote marriage and maintain two-parent families. With the pending reauthorization of TANF, policymakers want to know how much these policy reforms embodied in the TANF legislation have been successful in achieving these goals.

Specifically with respect to work, as you indicated, Chairman McKeon, trends in key indicators show improvements in employment rates and earnings for women leaving welfare as well, more generally for single women with children, the group most at risk of welfare receipt.

At the same time, other studies of welfare leavers suggest that long-term employment outcomes may be more mixed, with frequent spells of unemployment

and limited earnings growth.

While it is tempting to infer that welfare reform explains the observed trends or the circumstances of welfare leavers, we know that these types of comparisons do not account for other policy changes, and the robust economic expansion that took place during the same time period also contributed to these trends.

For policy purposes, it is essential to know that the effect of welfare reform has been holding everything else constant. This is, in fact, the goal of our research effort. In particular, we seek to answer the question: What can we say about the net effects of TANF, taking into account the impact of other factors such as the economy and other policy changes that may have affected the outcomes of interests?

Well, answering that question is not a simple matter. For example, suppose we wanted to know the net effect that the 1996 legislation and the TANF program implemented on employment of single mothers. To understand this net effect, we need to know what would have happened to the employment of single mothers if welfare reform had never happened in August of 1996. Of course, since welfare reform did happen, we can't actually observe that scenario.

Well, how do we untangle this causal problem? Two primary research methodologies are available that are designed to measure the impact of welfare reform, holding everything else constant. The first is to implement a random assignment experiment where individuals are randomly assigned to either the control group, which is subject to the baseline policy environment, or the treatment group, which is subject to the new policy environment. If randomization is executed properly, there should be no systemic differences between these two groups, other than those attributable to the different policy environments.

For our synthesis, we reviewed the published findings from 28 major random assignment evaluations conducted during the 1990s prior to TANF implementation. Many of these evaluations were required as part of the waivers granted by DHHS prior to TANF implementation. They assess the types of reform subsequently implemented by many of the States under TANF.

The second research approach is to analyze observational data using statistical methods to hold constant as many potential confounding factors as possible.

In our synthesis we review over two-dozen high-quality studies that utilize this approach. One specific policy we consider in our synthesis is requirements for mandatory work-related activities, also known as "work requirements." The various reform policies enacted under TANF requirements for mandatory work-related activities are among the best studies; 13 studies have published estimates of the impact of work requirements based on a 2-year follow-up period. The specific studies we reviewed in this category are detailed in my written testimony.

The results from these 13 studies support the following three conclusions about the impacts of requirements for mandatory work requirements:

First, under work requirements, employment rates and earnings increased while welfare use and use of food stamps and Medicaid decreased;

On average, the treatment groups in the 13 programs increased employment by about 6 percentage points during the 2-year follow-up period;

The treatment group also increased earnings, but the impact estimates are small, an average of about $700 over 2 years;

In the treatment groups for 12 of the 13 evaluations, welfare use was lower after 2 years by an average of 5 percentage points.

The second conclusion is that there appears to be no effect of work requirements on income, although poverty may improve; because the composition of income shifts from welfare payments to earnings, self-sufficiency as measured by the share of income from earnings rises.

Twelve of the thirteen welfare to work programs found that mandatory work requirements had no significant impact on income at the 2-year follow-up. Impacts on poverty were almost all insignificant, although more impact estimates were negative, suggesting that these programs may be somewhat more effective at raising incomes near the poverty threshold than at the bottom of the income scale.

The third conclusion is that there appears to be no change in marriage or fertility when work requirements are implemented.

As for the impact of work requirements on broader measures of well-being or on child development and school progress, the studies show no clear pattern of beneficial or harmful effects for children.

While under States' TANF programs, work requirements have typically not been implemented in isolation; rather they are combined with other major reforms. Our synthesis drew on another set of experimental evaluations that assess the impact of work requirements combined with other policy reforms, namely financial incentives and time limits. By "financial incentives," I mean features of welfare; benefit structures that make work pay either through enhanced earned income disregards or reduced benefit reduction rates.

These studies point to other key results from this literature. First, work requirements, when combined with other reforms, generally increase work and earnings just as they do in isolation. However, welfare use can increase when strong financial incentives are part of the reform package; or they may decrease when time limits are part of the reforms and those time limits become binding.

Second, when work requirements are combined with other policies, the impact on other outcomes such as income, fertility and marriage, and child well-

being can differ from what is observed when work requirements are the only major reform.

Let me give you one example. The evidence is mixed with respect to child outcomes, with some random assignment studies finding some improvements in child development when programs include financial incentives, while others show little or no impact. Negative impact on child schooling and behavior, particularly for adolescents, has been found in one evaluation that includes time limits as part of the reform package.

Our synthesis points to several issues that are relevant as Congress debates the reauthorization for TANF. First, policymakers need to recognize the trade-offs between the various goals of welfare reform and the ability of different policy components to achieve these goals. While the primary reforms to the welfare system, such as work requirements, financial incentives and time limits, generally serve to raise employment and earnings, the impacts on other outcomes suggest that there are trade-offs that must be made in choosing between reform policies.

For example, while work requirements reduce welfare use, they do not have much of an impact on income and poverty. Consequently, they also do not appear to change marriage and fertility or child well-being, at least during the time interval over which we have been able to observe these outcomes, of particularly a 2-year horizon.

In contrast, rather than reducing dependency, programs with generous financial incentives generally increase transfer payments since financial incentives allow families to keep more of their welfare benefits; as their earnings rise, they also increase income, decrease poverty and improve material well-being. Moreover, when incomes increase, there is more of a tendency for child outcomes to improve as well or at least not to become worse.

Second, the Federal Government should continue to coordinate and fund evaluation research of welfare reform including longer-term follow-up of existing experimental populations and new studies that evaluate specific reform components. Understanding the causal impact of welfare reform as a whole and specific policies in particular requires a solid base of research of high-quality random assignment studies and observational studies of the kinds we review in our synthesis.

While the knowledge base is quite strong in some areas such as assessing the impact of work requirements, in other areas it is quite weak or actually nonexistent. For example, we know very little about the impact of various sanction policies on welfare-related outcomes. As another example, it is difficult with our current research base to isolate the separate impact of time limits on behavior. There is also little basis for knowing what will happen under policies that might be adopted in the future, for example, as a result of the reauthorization process, such as different forms of time limits.

It is also worth emphasizing that much of what we know about the impacts of welfare reform focus on the short-term impacts, typically over a 2-to-4-year-year

horizon. However, some impacts, such as those on marriage, child bearing and child well-being, may take longer to respond to new policy environment. Hence, longer-term follow-up of existing experimental populations is vital for assessing the longer-run consequences of these policies.

Both to better understand the impacts of policies already implemented and to gauge the impact of policies that might be implemented in the future, it is imperative that the Federal Government continues to coordinate and fund new research to augment what we already know. In the future, such investments in the knowledge base will ensure that policymakers better understand the trade-offs embodied in different reform policies at the next reauthorization of PRWORA.

Thank you very much.

WRITTEN STATEMENT OF LYNN A. KAROLY, Ph.D., DIRECTOR, LABOR AND POPULATION PROGRAM & POPULATION RESEARCH CENTER, RAND INSTITUTE, SANTA MONICA, CALIFORNIA – SEE APPENDIX B

Chairman McKeon. Thank you. Mrs. Garland.

STATEMENT OF E. MONA GARLAND, DIRECTOR, OPPORTUNITIES INDUSTRIALIZATION CENTER OF GREATER MILWAUKEE, WISCONSIN WORKS, MILWAUKEE, WISCONSIN

Ms. Garland. Good morning, Chairman McKeon and members of the Committee. I am Mona Garland, Director of the Wisconsin Works program with the Opportunities Industrialization Center of Greater Milwaukee, one of the private agencies in Milwaukee County responsible for administering the State of Wisconsin TANF work program, known as W-2.

OIC-GM, along with the State of Wisconsin has a long-term commitment to improving the quality of life for the citizens living in our communities and the State. Today, I will share some of the State of Wisconsin and OIC-GM's strategies for successful TANF programming and why it is critical to maintain TANF funding levels and program flexibility.

Since January 2000, in Wisconsin, 31,600 participants have become successfully employed. The attached charts in my written testimony clearly indicate that the Wisconsin TANF caseload has decreased. However, State reports indicate that the number of new TANF applicants remains steady. The participants remaining are the hardest to serve, who live in the urban areas like Milwaukee.

TANF work programs must remain flexible to provide appropriate services to both groups. For those not nearing Federal or State time limits, preparing for and

entering employment is not enough. We must provide incumbent worker training for career advancement.

We also continue to focus our attention on the employer community to assist the employer with retention of our participants by providing training with potential for upward mobility, using work for attachment and advancement funding. However, there is a downside to all of this.

Some of our participants have not been successful at maintaining suitable employment and do need additional services. As a result of this, we are very committed to assuring that our participants do participate until they do become successful. If participants have been unresponsive, we go out and find them, using community outreach specialists. These specialists conduct home-based services for those unable or unwilling to come to the agency. Faith-based organizations have been especially helpful reaching the unreachable.

Often in the course of home visits, we discover a need for immediate intervention such as food, housing issues, and clothing. And in response to this, at OIC-GM, we opened our support services facility using community reinvestment funding. We understand that in order to attain sustained self-sufficiency, we must recognize and address the basic needs of our participants. Flexibility of Federal funding has allowed local agencies to customize services so that we can adjust our services to mirror the needs of our participants.

The most important lesson we have learned is that TANF programming is a process. It is not a quick fix for long-term community problems and generational unemployment. We must consider this program as a vehicle to an economic investment in the future of our communities.

Our population is ever changing. We know there are more hard-core poverty cases in the urban communities. We know that many long-term participants have severe problems, including learning disabilities, low coping skills, long-term medical issues, AODA issues, mental health issues or dual diagnosis, creating severe incapacity. Literacy and basic education are issues that must continue to be addressed through TANF.

We also recognize that many need more time and services to become self-sufficient. The 2-year Wisconsin time limit, as well as the 5-year Federal TANF limit may not be enough time to remediate long-term life problems in our communities. For now, we believe that the 20 percent undue hardship category will be subject to allowing the State to continue individuals beyond the 60-month Federal limit.

However, there is an issue that may need to be examined during the TANF reauthorization process, as those numbers may continue to increase. It is critical that TANF funding levels and program flexibility are maintained. TANF programs, vocational rehabilitation, and Social Security disability systems must combine into a formalized, seamless delivery system for participants not yet prepared for work

programs.

We have learned that States must take a holistic approach to helping families. TANF funding supports other community efforts to empower participant families to be successful. We use our collaborative efforts within the community-based organization network and our institutional partners, technical colleges and other educational institutions, county human services departments and work force development boards to provide coordinated and collaborative services.

We believe that in Wisconsin it is working.

In summary, I would like to reiterate, TANF reauthorization must maintain current funding levels to States with program flexibility to allow addition of components needed by the TANF population, such as basic education, skill training and support services to accomplish our goal of moving people toward work.

Thank you.

WRITTEN STATEMENT OF E. MONA GARLAND, DIRECTOR, OPPORTUNITIES INDUSTRIALIZATION CENTER OF GREATER MILWAUKEE, WISCONSIN WORKS, MILWAUKEE, WISCONSIN – SEE APPENDIX C

Chairman McKeon. Thank you. Ms. Hall.

STATEMENT OF LaSHUNDA HALL, FORMER WISCONSIN WORKS PARTICIPANT, MILWAUKEE, WISCONSIN

Ms. Hall. Good morning.

Chairman McKeon. Pull it down a little.

Ms. Hall. Okay.

Chairman McKeon. There you go.

Ms. Hall. My name is LaShunda Hall, and I am a single parent of two children, ages 4 years and 10 months.

I come before you today representing the hundreds of families who have received help through the Wisconsin Works, W-2, program. I stand as a positive example of those who have realized success by participating in a TANF-funded program. Through TANF funding, many of us have benefited from temporary assistance with supportive services for childcare, transportation, food, shelter and clothing. With this help, we have gone on to become productive employees in

America's work force.

Thanks to the W-2 program, I can come before you this morning and honestly say that I am happy with my life. I am earning an honest living for my family. But my life was not always this way. It was not long ago that I thought about escaping life permanently.

As a child, my life has been filled with abuse. To escape the horrors of home, I began to drink alcohol, a deadly habit I copied from other family members. My sporadic periods of drug use soon developed into a daily habit. Drugs and alcohol became even more common in my life. My self-esteem was lower than ever before, and I was suffering from severe depression.

I realized that I needed to start making the right choices. Carrying the load of displaced anger and frustration, I became involved in several unhealthy relationships, pregnant and fearing for my life, my children and I fled my abusive partner's home and took refuge in a shelter. Four pregnancies and two children later, there I was all alone.

I had heard of OIC-GM W-2 program and how they specialize in helping the families in my community. I heard that through OIC's W-2 program, many of these women went from a life of sitting at home to earning a paycheck through employment. OIC's W-2 program was able to prepare these women to become attached and advanced in Wisconsin's work force. The program empowered them by teaching solid skills such as high school diplomas, the GED, job skills training, and offered real jobs.

With these stories in mind, I began to experiment with the W-2 program. I attended a training and motivational program called the Keys to Life Academy. I was also assigned a case manager, who gave me the support and guidance I desperately needed. As we worked on my plan, it became clear to me that we were creating a road map to meet my desired goals, and if I followed it, I would be successful.

Despite my many mistakes and my attitude, my case manager treated me with dignity and respect. My success was now up to me. We set realistic goals for my education and set objectives for my career development.

The lessons I learned in the Keys to Life Academy continue to serve me well today. When we graduated, I felt empowered to manage life's biggest challenges. Upon graduation, I was awarded the class title of Ms. Self-Esteem; apparently my classmates saw something in me I didn't even see in myself. I had finally gained a level of confidence.

The Keys to Life experience also taught me the value of surrounding myself with positive people. After graduation, I began meeting with a group of positive women called Women of Change. The group meets weekly at a community center to receive motivation, emotional support and guidance as they progress through the W-

2 experience.

I was determined to find a job and achieve my high school education. I began my GED courses while aggressively seeking employment. I finally got a job. But after a short time, I was terminated. Although it was a severe blow to my self-esteem, I did not allow it to knock me out. My case manager and I reviewed my mistakes as she helped me to gain the courage I needed to continue my GED studies and aggressively pursue my next job.

It was the combination of my GED, my office skills and Keys to Life Academy and the support from my case manager that enabled me to obtain my dream job as an administrative assistant with my current employer, B.E. Carter Development Group.

I am proud to say that I have accomplished each of the goals I set when I started the W-2 program. I am currently employed full-time with medical benefits. I have my GED, a certificate of completion from OIC's office skill training program, and a 1-year certificate of completion from a local business-training institute. I am currently pursuing my Bachelor of Science degree in criminal justice. I am an example to my children of what dedication and determination can do.

OIC's W-2 program broke the cycle of poverty and offered temporary assistance to my needy family. TANF saved my life. I urge you to continue the TANF funding. These are life-changing programs; as we are here today, hundreds of families in Milwaukee are participating in W-2 and striving for a successful outcome similar to mine.

Thank you.

WRITTEN STATEMENT OF LaSHUNDA HALL, FORMER WISCONSIN WORKS PARTICIPANT, MILWAUKEE, WISCONSIN – SEE APPENDIX D

Chairman McKeon. Thank you. Mr. Carroll.

STATEMENT OF RODNEY CARROLL, PRESIDENT AND CEO, THE WELFARE TO WORK PARTNERSHIP, WASHINGTON, D.C.

Mr. Carroll. Thank you and good morning, Congressman McKeon and Mrs. Mink, Mrs. McCollum, Mr. Castle. My name is Rodney Carroll. I am the Chairman and CEO of the Welfare to Work Partnership. I am very happy to be here.

And you have a written testimony, but if you don't mind I would like to kind of just go off the cuff a little bit and tell you about 5 years ago. Five years, for me, I was working at United Parcel Service. I ran an operation in Philadelphia called the Philadelphia Air Hub. There was a lot of pressure on this job, I don't mind telling you; I had about 3,000 employees. Around this time in October is a busy time for UPS, gearing up for Christmas and the holidays. And you know, in the airport we had airplanes, you name it, a lot of concerns.

But I had one additional concern. You see, earlier that year, because of previous peak seasons, we had an employment concern. And the problem was getting enough people to come to the airport each night; and I had opened my big fat mouth during the summer and said, we should hire people from welfare. And eventually I was able to win out, and we began a program there.

And during that time we hired people, in this case, coming from Camden, New Jersey. And I didn't realize at the time what a big deal it would be because I was really just trying to meet a business need in this case, having employees come over. Long story short, which was, we had a program, there were no buses going from Camden, New Jersey, to the Philadelphia Air Hub.

I tried with New Jersey Transit Authority. I asked them, encouraged them to put a bus on. They said, we really can't do that; it is interstate lines and that kind of thing. So I tried with Philadelphia Transportation. I said, Could you go over and get people? They said, No, we can't do it; it is a different union. You almost need an act of Congress to get a bus to go from Camden over into the air hub.

Eventually I was able to convince UPS to put their own buses on and to spend the money to get buses in this case from Camden to Philadelphia. And when I was doing this, the district manager of UPS asked me a question that all businesses ask, which was, what's in it for UPS? Why would we put on a bus, spend our money? We deliver packages. We don't transport people. And I told him if we were to do this, that I believed we would have a higher retention rate with hiring people from welfare.

He said, how do you know that? Do you have a study? I said, No, but my gut feeling is if you give people an opportunity, a chance, that they will make a difference and they will want to make a difference in their life. And, fortunately, during that time, we had a 92 percent retention rate with the people coming from welfare, compared to 60 percent, which was our normal rate.

Two years later, well, actually the next year, the Welfare to Work Partnership began in 1997 and launched with five businesses; United Airlines, Monsanto, Burger King, Sprint and UPS. The goal was for businesses to join on board and to begin to hire people from welfare to work. Simply just hire a person, give them a chance. And now I am proud to say that those five businesses have grown into 22,000 businesses throughout the U.S.

Let me give you an idea of what these businesses have accomplished since 1997. They have provided over 1.1 million opportunities for people coming from

welfare to work. I could name all the big companies, the Fortune 100 companies I am sure you would recognize. But you should realize that half of these companies are small businesses that you probably wouldn't have heard of. They haven't hired thousands of people. They have hired one or two, maybe three people. But yet they are just as important a business partner as we have.

Now we come here today, 5 years later, and as Mrs. Mink said, next year we will be talking about reauthorization. And somebody will say whether it was a success or not. And they will probably be divided. Some people will say it was really a success; some people say not quite, and go on. And I guess I would like to tell you this. If the measurement is welfare to work and getting the caseloads down, you might have a compelling argument that it has been a success.

But I am here to tell you today that I don't believe it ever has been about welfare to work. It has really been about a journey from a life of dependence to a life of independence. And if you measure it along those lines, then I think you have to say, well, we have got a ways to go.

Surely, we have people that have made transitions like Ms. Hall right next to me, and thousands and millions of people across the country, but yet some people are still very tenuous. As a matter of fact, their lives are still on the edge, and one or two things could happen and they might find themselves back on welfare or back looking for a hand.

You see, in 1999, we also opened up offices around the country in L.A., Chicago and New Orleans, Miami and New York. And those goals were to hire what they call "the hardest to place." See, it is not bad enough that you are on welfare, but now you might be in a label of "the hardest to place" category.

And the hardest to place person is not who you think it is. It is not a person that is coming from drug habits or from substance abuse or poor education. The hardest to place person is a person that does not want to be placed.

I am here to say also that we have hired in L.A., for example, over 567 people from this category. Some people with ex-offender backgrounds, people that would really have barriers to employment in the law firms, accounting firms, places that you would not necessarily believe that welfare recipients would have the opportunity to work.

I am here to encourage this Committee to continue the reauthorization, continue the funding under the current level and let's really take a system that took 60 years to put in place. I don't think that 5 years is adequate enough time to say that we have raised the flag for success.

Certainly there are people like myself and across this country not looking for a handout, simply looking for a hand up. Thank you.

WRITTEN STATEMENT OF RODNEY CARROLL, PRESIDENT AND CEO, THE WELFARE TO WORK PARTNERSHIP, WASHINGTON, D.C. – SEE APPENDIX E

Chairman McKeon. Thank you. Ms. Davis.

STATEMENT OF MARTHA DAVIS, LEGAL DIRECTOR, NOW-LDEF, NEW YORK, NEW YORK

Ms. Davis. Thank you, Mr. Chairman and Mrs. Mink, Ms. McCollum and Mr. Castle, members the Committee, for the opportunity to testify today.

Welfare reform reauthorization, which is coming up, provides an occasion to evaluate the successes and failures of welfare reform and to make course corrections where appropriate. And I think such an evaluation must certainly take into account the special challenges facing many who remain on welfare and the economic challenges ahead that we know the economy is going to pose for us.

Today, I want to discuss the research finding on the relationship between training and education and low-income workers' job retention and advancement. These studies, which are cited in my written testimony, so I won't provide the cites now, indicate that training and education are important components of a welfare program that moves people from welfare to long-term, stable and sustaining work; and we just heard Ms. Hall's testimony to that effect, the importance of her getting her GED and moving ahead. And what that means is that mixed strategy programs have really been shown to be the best programs for achieving the goals of welfare reform.

When TANF was enacted in 1996, the strong desire to make it a "work first" program led Congress to place limits on States' ability to include training and education in their welfare programs. But over the past few years it has become clear that these restrictions on States are too extreme and that a correction is necessary in order to free States to address the needs of poor families and help them achieve self-sufficiency.

Numerous studies, including one conducted by the U.S. Department of Health and Human Services, indicate that the most effective welfare to work programs have a flexible, balanced approach that offers a mix of job search education, training and work activities and tailors those activities to the needs and abilities of individual recipients and to the opportunities of the local job market.

So, for some, education would be the best approach; for others, something that focuses more on vocational training, a variety of things. It depends on the individual and the local job market. For some, postsecondary or basic education is appropriate.

And, again, studies, including one completed by the U.S. Department of Education, show that people with a college education earn substantially more than those who have not attended college. These effects are also true for lower levels of education, for people; for example, people with post-high school training earn more than those whose education ended with high school.

Recognizing the importance of education in providing long-term poverty reduction, a number of States have found ways to use State funds to support education. For example, in Maine, the Parents of Scholars program enables up to 2,000 students, which is not an insignificant percentage of Maine's welfare recipients, to receive aid without being subject to TANF work participation requirements and time limits.

Wyoming has also pioneered programs to support postsecondary education.

Several States have promoted job retention and advancement by helping former TANF recipients continue their education after leaving the roles. For example, Florida pays the cost of education training and necessary support services for up to 2 years for anyone who leaves TANF for employment and wants to obtain further education and training.

In part, States have been able to implement these programs because a strong economy ensured that they would meet TANF work participation requirements even if portions of their caseload were participating in educational programs that would not count as work activities under the current Federal strictures. In addition, States holding surplus TANF funds were able to apply those funds to programs for former TANF recipients.

But with an uncertain economy, States may not be in a position to continue including education and training programs if they do not count toward work participation goals under the Federal system. This would be a tragedy, since such programs have greater long-term success in addressing poverty.

In considering welfare reauthorization, Congress should look for ways to encourage States to continue successful programs that allow education as a component of welfare reform and, in particular, by permitting States to count education as an allowable activity under TANF. Even within a "work first" framework, job skills training is critical. Studies show that although welfare to work programs that promote rapid labor force attachment may increase earnings and work hours for participants in the short term, the most persistent rise in earnings is found in programs that emphasize human capital development, i.e., investment in training and education. And that is looking over the longer term, 5 years or so.

For example, one study analyzing the cost-effectiveness of Job Training Partnership Act-funded programs found that for low-skilled welfare recipients, job search assistance alone produced little or no benefit, while more intensive skill-building training was the most cost effective in the long term.

These research results suggest a number of best practices, which should be strongly encouraged by Federal Government and in some instances, may be required. Many of these are incorporated into H.R. 3113, the TANF Reauthorization Act of 2001, which was recently introduced by Representative Mink.

First, job-training programs should target high-quality jobs, an example, training women for occupations typically filled by men. That is an important example of such a best practice. Not only do nontraditional jobs provide higher entry-level wages, which is one of the factors in job retention and advancement. But they also provide career ladders to higher wages.

Another best practice is to focus on longer-term job retention and career advancement instead of initial job placement.

And finally, an important best practice is for job training programs to address barriers to self-sufficiency, such as domestic violence and lack of childcare. And this is certainly an area where I think the Federal Government should consider a mandate to look at domestic violence.

In sum, the cumulative research in the wake of welfare reform shows that a one-size-fits-all approach serves neither the public policy goal of increasing self-sufficiency nor recipients who have individual needs and are striving toward leaving long-term poverty. Instead, the research points towards a more flexible approach that supports training and education as one of many routes off welfare and out of poverty.

Thank you.

WRITTEN STATEMENT OF MARTHA DAVIS, LEGAL DIRECTOR, NOW-LDEF, NEW YORK, NEW YORK – SEE APPENDIX F

Chairman McKeon. Thank you. Mrs. Brooks.

STATEMENT OF JENNIFER BROOKS, DIRECTOR, SELF-SUFFICIENCY PROGRAMS AND POLICY, WIDER OPPORTUNITIES FOR WOMEN, WASHINGTON, D.C.

Ms. Brooks. Mr. Chairman, Mrs. Mink, members of the Committee, good morning. My name is Jennifer Brooks and I am the Director of Self-Sufficiency Programs and Policy at Wider Opportunities for Women, or WOW for short. WOW is a nonprofit organization that works at the local, State and national level to help women achieve economic independence and a quality of opportunity.

For more than 37 years, WOW has focused on literacy, technical and nontraditional skills, the welfare to work transition and career development. I have been asked to talk about what we know about the incomes individuals making the transition from welfare to work are earning, what it takes for those families to meet their basic needs and the importance of skill-building opportunities for these individuals.

So what do we know? We know caseloads are down, and we know that most welfare leavers are working. We know that wages for welfare leavers have been relatively low. We know that welfare leavers have not worked steady, and we know that for a substantial proportion of the welfare population they are back on the rolls within a year. Although those findings may not be surprising, it is within this context that Congress will consider the next phase of welfare reform.

WOW shares the views expressed by Health and Human Services Secretary Tommy Thompson when, on the anniversary of the Welfare Reform Act, he said, Welfare reform is not about slashing caseloads or saving money; it takes a strong investment to ensure that families can successfully move from welfare to work. If families can't afford childcare, they can't afford to work. If they don't have a way to get to work, they simply can't work. If they have no training or education, few jobs will be open to them.

So the question for policymakers is, how do you structure a system that gets welfare leavers on that path to economic independence?

The reality is that no single answer works for everyone. Rather, the system of support should be tailored to recognize the different needs of families of different sizes, compositions and locations. For example, the support to families with two preschoolers in Los Angeles needs will be substantially different than that of what is needed for a family with two older children in Omaha, Nebraska.

The self-sufficiency standard, which was developed by Wider Opportunities for Women and Dr. Diana Pierce at the University of Washington, recognizes that there is not a one-size-fits-all solution to helping families achieve economic independence. The standard which has now been calculated in 16 States define the income that a family requires to meet its most basic needs; food, clothing, shelter, health care, transportation, child care and paying taxes without any frills. It varies by a family's makeup and where they live.

The standard also tells us how work supports can lower the amount that families need to earn in the short term while they gain experience and skills to move to higher-paying jobs. It is clear that if we are to meet the goal in the welfare reform law of moving families to self-sufficiency, that education and training opportunities must be made more widely available both after welfare recipients have taken a first job and in preparation for that job.

There is ample evidence that education and training work. Education and training increase the likelihood that single mothers will be in the work force. Education and training reduce the likelihood that families will be poor. And

education and training increase wages and job retention.

We also know what kind of education and training programs are most successful. As Ms. Davis noted, the most effective welfare to work programs are those that have flexible, balanced approaches, that offer a mix of job search, education, job training and work activities. These programs offer more individualized services. They have a central focus on employment. They have close ties with employers. They set high expectations for participation and they have job quality as a central goal.

Right now the TANF program lacks that balance. It severely limits access to education and training. Vocational education is permitted for only 1 year and for only 30 percent of the caseload. Higher education is not permitted at all. According to the U.S. Department of Health and Human Services, between 1996 and 1997, the percentage of families on welfare participating in education and training fell sharply. Local reports also indicate steep declines in the percentage of TANF recipients enrolled in postsecondary education.

Given the events of September 11 and consequent layoffs in a slowing economy, now is the time to make an investment in skilled development. Those with the least amount of work experience and skills will be the first affected by rising unemployment. We need to make sure in times of job scarcity that individuals have opportunities to prepare themselves for jobs that are in demand by both employers and the community.

As you consider economic stimulus packages and the reauthorization of the TANF law, we hope that you will invest in families, provide States with the tools and incentives to help them; not just move families off welfare, but to self-sufficiency. We encourage you to support programs that increase better access to better jobs by rewarding States that, number one, meet locally based self-sufficiency goals for welfare leavers; number two, identify higher-wage jobs that meet employer, worker and community needs, including those that are nontraditional for women; number three, encourage postsecondary education participation and provide literacy programs that strengthen basic skills in the context of employment by counting such education as fulfilling work requirements; number four, increase the number of families that receive work supports; number five, are responsive to barriers such as domestic violence that impede success in obtaining and retaining employment; and finally, stop the clock for families receiving TANF who are engaged in work, but whose earnings are so low that they remain eligible for partial TANF grants.

Thank you.

WRITTEN STATEMENT OF JENNIFER BROOKS, DIRECTOR, SELF-SUFFICIENCY PROGRAMS AND POLICY, WIDER OPPORTUNITIES FOR WOMEN, WASHINGTON, D.C. -- SEE APPENDIX G

Chairman McKeon. Thank you very much.

This has been very educational for me. I wish I had the ability to sit down with each of you for several hours and pick your brains.

Mrs. Mink. I will arrange that.

Chairman McKeon. Ms. Mink says she will arrange that. She will take care of my schedule for me. I appreciate that.

Actually, that makes a good point. It is much easier for us to take care of something for somebody else many times than for ourselves. But, you know, as I listened to each of you speak, I was reminded that the way we see things is often where we sit.

And as I was listening to Ms. Hall tell her story and how she was brought up and how she was told, some of it, I don't think that you talked about what you have in your written testimony, was not conducive to giving her a high level of self-esteem. And I compared that with my own parents and how fortunate I was that I happened to be born into a different situation; otherwise, I could be where you are and you could be where I am.

I think we need to realize, as we go through this whole program, that many of us just happen to be born into a lucky place; and it makes it very difficult to get out of our shoes and into somebody else's shoes and try to understand exactly where they are coming from and what they are going through.

I think that you have all said some very interesting things. As we go through this process, it is going to be very important that we continue to have a relationship where we can continue, as you feel that you want to participate, that you have that ability to do so. And I hope you know that members of the Committee will be open to continued discussion with you as we move forward.

I think, Mr. Carroll, when you talked about it is not just welfare to work, it is dependence to independence, that does signify a much longer period of time and, you know, really different than just finding somebody a job and then walking away and saying everything is taken care of.

Each of you, I think, mentioned education and how important education is to the overall process to achieve that goal; and I am really, as each day goes by, happier, I think, to be on the Education Committee as I see how important education is and what a big responsibility we have.

You can't fix all the problems out of Washington. I think we can try, we can give it our best; but it is what you are doing, working with people on the local level to really make people's lives better, that really makes a big difference. And if we can just try to help you to be successful in that, then we have accomplished something. But if we try to tell you how to operate every day as you get up and go out to work,

then we have really messed things up.

Dr. Karoly, you talked about, you know, some important things. What I am wondering about now as the economy changes and as people are laid off from jobs, do you think that the current system is really going to be capable of handling these increased needs and priorities?

Dr. Karoly. Well, I certainly think that one of the benefits we have had in the last 5 years has been a very robust economy and that, as I indicated, part of the success and many of the outcomes that have been referred to today can be attributed to the fact that there have been jobs for people to move into; employment opportunities have been strong. And, of course, now we are facing a different prospect in the coming years; and without any indication as to how deep the slowdown may be, of course, there is a great deal of uncertainty.

But I think we can expect that there will be job loss among those who have moved from welfare to work, and the prospect that some will want to move back to welfare because of the loss of employment income. One of the great uncertainties is the extent to which time limits will prevent return to welfare for particular individuals who may have exhausted benefits or may be near to exhausting their benefits. Another area of uncertainty is the extent to which some who might have formerly been on welfare have now had significant employment experience might qualify for unemployment benefits as an alternative form of social support during a period of unemployment while they continued to search for a new job. That is one area.

Unfortunately, the research phase is quite limited. There are likely to be some for whom that will be an alternative system, but it will not apply to everyone because as we have heard, many who have moved to work, have moved to jobs that may be sporadic where they do not gain sufficient experience to qualify them for the unemployment insurance system. So I think another area that we must look to is the extent to which the broader set of social supports, such as food stamps, Medicaid benefits, those supports are also there for families who experience job loss.

We know that many individuals who have moved from welfare to work have not continued to receive those benefits, even though they might be entitled to them. So I think additional diligence in seeing that individuals who may not return to welfare, but could still have access to those benefits, that they do so. That will be another form of support that might be critical in the coming period when the economy slows down.

Chairman McKeon. Thank you very much. Mrs. Mink.

Mrs. Mink. Thank you very much. I have a number of questions, but I want to say how generally pleased I am with an overall emphasis of all of the witnesses on the importance of education as a real key to upward mobility. If we are really interested in the individual's ability to sustain an existence and to support their families, we have to look to ways in which we can enhance that ability, and certainly education is

probably the most direct means.

Dr. Karoly, in your prepared testimony on page 14, you have a summary statement there which says, the available results suggests that work requirements when combined with other reforms, increase work and earnings, but just as they do in isolation. Both welfare use, that is being on welfare, and income, can increase when strong financial incentives are part of the package. Could you explain what you mean by that?

Dr. Karoly. The research that I am referring to looks at two different strategies in terms of welfare reform. One is to implement work requirements or mandated work activities in isolation or alone. That is the primary reform. The second is to combine work requirements with other reforms such as by financial incentives, I mean, for example, enhanced earned income disregards that allow individuals, as they enter the workforce, to continue to receive some welfare benefits.

They would be reduced because they now have earnings. But that reduction would be less today than it would have been in the past. In the past there was almost, after a small exemption, a dollar-for-dollar tax. As you gained additional earnings, you lost welfare benefits. Today, many States have implemented programs where a former recipient who moves into the workplace continues to receive some benefits but on a more limited basis.

As a result of being able to both increase earnings and retain some welfare benefits, we do see programs with that feature increase earnings while someone is both working and on welfare. The combination is higher than they would have been if they were on welfare alone. That is the concept of making work pay. On the other hand, one of the things I noticed, that some programs also include time limits in these evaluations, and now, of course, under TANF, time limits are a feature that every State has. One of the issues with time limits is that means there is a limit on the time during which someone can combine work and welfare.

So that period of enhanced income, improved well-being, is going to be limited by the time limits themselves. So one of the things we see in these studies that look at time limits is that when those limits become binding, there is a tendency for income to decrease again because of the loss of the welfare benefits. The same is true of programs that include earning supplements outside of the welfare system, which is another strategy for supporting low-wage workers.

Mrs. Mink. So it would be your thought then that in the reauthorization, that we take a look at the importance of continuing the welfare benefit payments while the individual has started or become engaged in employment, at least for a limited period?

Dr. Karoly. I think that is certainly that needs to be examined, particularly with respect to thinking about the goals of welfare reform, as I pointed out. If we are solely focused on the goal of increasing work, welfare to work, you might not worry about what is happening to income, you might not worry about financial incentives. But to the extent that we also care about improving incomes, reducing poverty,

possibly even enhancing child well-being, then indeed income supports, making work pay are one way trying to achieve that goal by combining generous financial incentives within the welfare system or outside that system as part of the package of reforms.

Mrs. Mink. So if a person has actually found work and we have a policy that continues the welfare cash benefits for a period of time, would it be your thought that the clock would stop so that the collection of that cash benefit would not constitute continuance on the system, and would ultimately then hasten the day when the time limit of 5 years would arrive?

Dr. Karoly. Again, I think that is a very important policy modification to consider, given that we know that these income supports within the welfare system combined with employment can have these other benefits in terms of improving well-being, more generally, raising incomes, possibly even improving child outcomes, that because otherwise, those benefits would be limited by the time clock. The alternative of stopping the clock while someone is beating the work requirements is certainly one option that would allow the greater possibility of achieving goals, such as improving incomes and reducing poverty.

Mrs. Mink. Would you have the same thoughts with reference to going to higher education?

Dr. Karoly. I think we no less about the extent to which promoting higher education among current welfare recipients are going to achieve the same goals that we have talked about. By and large, there has not been much experimentation on that dimension to tell us whether or not promoting higher education among welfare recipients would both achieve the education goals, but also have payoffs in terms of earnings and income. I think that is one area that is very ripe for additional experimentation. And it would be marvelous to see States experimenting with such programs. I would also strongly encourage that any experimentation of that kind include rigorous evaluation, because the only way we are going to know about a policy like that and whether it works is to carefully evaluate it.

Mrs. Mink. Thank you, Mr. Chairman.

Chairman McKeon. Thank you. Mr. Castle.

Mr. Castle. Thank you, Mr. Chairman. Having worked on the welfare reform, both at a local level in the State of Delaware and here in Congress, I am overwhelmingly impressed by what I view as a success of this program, and there isn't a person in this room who probably couldn't give us an example of an area where it hasn't worked. Statistically, it is apparent, having reduced welfare by more than 50 percent, States are still spending the same amount of money they did before, which indicates on a per-capita basis, they are putting more money into the programs. And you can go through all the statistics about child poverty or income levels or whatever, and we also know it is a rising economy as has been pointed out here.

But having said all this, this is a program that I think has really worked. But I will base my real judgment on that, not on the statistics, but on what Ms. Hall said here. And I would like to ask her a question or two about it. I hope her case is typical of what has happened in many instances. I know when I was in Delaware, I went to the first class we had on welfare reform. And there were 19 people in that class, one man and 18 women. And I thought they wouldn't be real happy with the person who had been involved in having put it in place. And I was astounded. These folks have been told to come to class or they would stop receiving welfare. And to the man and women, they were thankful for the opportunity that they had been given for education, job training and later, going into the workforce.

And that is exactly what I heard Ms. Hall say when she said that she had become a productive employee and is happy with life and that kind of thing. And we have always realized that there is going to be anyplace from about 20 percent to perhaps a third of welfare recipients who probably are unable, for various reasons, to be able to work.

Ms. Hall, is this something that you have found is true of other people with whom you went through welfare? I am sure it isn't 100 percent true, but can you tell us of shared values with other people who went through this in terms of how they looked at it, and whether it was helpful and productive to them as well as it was to you?

Ms. Hall. I really can't answer, you know, as far as other people. I know it depends on the attitude of the person and as far as like what Keys to Life, the academy, the training, the motivation, and it is like if they are willing to participate, they will get something out of it. I was willing to change my life. I had been through, you know too many ups and downs, and I was ready to keep building and I wanted to be somebody. And I think that is the way they have to look at it. They have to want change and to continue their education. If they don't want it, a person can only try for so long to help you. So I really can't answer for everyone. It was good for me.

Mr. Castle. Thank you, Mr. Carroll. Knowing that fell off your hub, no one is willing to work there. And you raised the transportation issue from Camden, New Jersey to Philadelphia. But did you have a chance to judge transportation in general? This is one of the things I've heard about welfare reform in terms of this transition, because we take care a lot of things, even up to day care, health care, food stamps.

Transportation is a major issue. And your comments were because of the problems, I guess, going across the State line. Did you run into other transportation problems in terms of people on welfare trying to get to work?

Mr. Carroll. Absolutely. Transportation is still one the more significant barriers to work. Only about 6 percent of welfare recipients have access to cars. And many of the people, whether they are rural or urban, have difficulty. And it has been those types of programs, like UPS and other companies that are willing to do that. So I think Congress should still address transportation as one of the leading barriers to prevent people from going from welfare to work.

Mr. Castle. It has confirmed sort of what I heard repeatedly, so I do think we need to look at that.

Ms. Davis, going to your testimony for a moment, if I can, and you did touch on this in some detail, but I am concerned about it. I think you said the restrictions on the States, I guess from our laws here in the Federal Government, are too extreme. Specifically, what change, and I realize you may not know it, but what changes were you concerned about in terms of the flexibility that is needed? You touched on the higher education and some of these things, but in terms of are we writing this law in the next year, my concern is exactly what we should be looking for in terms of those changes. I tend to agree with you, but I don't know exactly how to put this into language.

Ms. Davis. As you know, there is currently a 12-month limit on participation of Voc. Ed., and then the prohibition on States that have more than 30 percent of their TANF work participants in secondary schools. And then a prohibition on using any Federal funds for post-secondary education. So I would recommend that all of those restrictions be relaxed, that States should have the ability to use Federal funds to promote post-secondary education. I agree with Dr. Karoly, the woman down at the end here from the RAND Corporation who talked about the need to evaluate that, because right now, there are so few States that have been willing or able to put forth State funds to develop these programs, if there isn't a great deal of research on it. But I think that that should happen in the context of expanding the ability of States to use their Federal TANF funds for post-secondary education as well as for, perhaps, longer term vocational education and education at community colleges.

One of the principal issues I think we are already faced with and going to continue to face with the economy is the need to make sure that people are trained for the jobs that are available. And so one of the things that people need throughout their career and probably all of us have benefited from is continuing education throughout their careers as the job market changes. And the current restrictions on even job focus training make it difficult for low-income people and for States to address those needs.

Mr. Castle. Thank you, Ms. Davis. My time is up. I am going to yield back. But before I do, to all the members of this panel and anyone else who comes to us, because we are going to reauthorize this law and we have looked at it, I think, for 5 or 6 years, it is helpful for all of us to know specifically what changes one would recommend. Sometimes it is the anecdotal evidence of what is out there and what we have to do can be difficult. So if anyone wants to submit that in writing that would be helpful.

Chairman McKeon. Thank you. Ms. McCollum.

Ms. McCollum. Thank you, Mr. Chair and members of the panel. This has been an interesting discussion. I would like to maybe build on some of the comments that have been made by Mr. Castle and Ms. Mink in regards to education and transportation. I am very concerned about the State TANF funds and what is going

on in the States right now. The States are feeling economic downturn as well as the Federal Government is for revenue. And I know back home in Minnesota, we are looking at not having a very rich budget to work from, something that we were used to when I was at the statehouse and we were implementing welfare to work.

So here are a couple of questions I have in general. And if time doesn't permit to hear from a variety of sources, if you could, at some point in time, submit in writing back to the Chair so he could share along with us. I am concerned about childcare. And I like the Wisconsin example in here when they were talking about their welfare to work. They didn't have a waiting list for childcare. We still have a waiting list, and it also affects the working poor families in order for them to even provide childcare for their children so that they are not doing latchkey.

And so one of the concerns I have is what are we looking at looking at the big picture? Yes, we are interested in reauthorization for welfare reform, but that also affects those who are now off welfare and in the working poor in our communities. Health care, we are subsidizing through childcare, health care and housing, the actual cost of what it is for an individual to live. And so how is that not only affecting people with welfare to work, but the working poor again, especially as we go through these economic downturns. And if the States find their budgets being slashed through decreased revenues coming in, what is the impact going to be on that?

And I think we need to start putting this puzzle together so that when we do the reauthorization, that we do it looking at the bigger picture. And so my question, in general, is, you know, with what is going on with increases for the cost of health care, with what is going on with the housing crunch, with the waiting list that we know that some States have with child care and the downturn in revenue, what are we doing not only to look at welfare to work, but for the working poor? And I think it is very important to have you here, Ms. Garland, doing the State inventory for us. And I know RAND and others look at big State pictures. And I think we need that information back.

The question that I would have that I have kind of gleaned from looking at the testimony is, we know that a lot of people don't have a whole lot of success staying in long-term employment, so that when there are economic downturns, they do qualify for unemployment. And once again, it is quite anecdotal what we hear, but any substance information you can give us; lack of transportation, quite often, just not having that fit well. People can't make it to work and are told to not show up anymore if you can't be there on time. Childcare problems. Well-care for children and sick-care for children, what do you when your child is sick? You call that employer for the first time. You may have only been there for 2 or 3 weeks and you know you are out the door. What do we need to do in that arena? And then one follow-up on education. Higher education, we provide some of that in Minnesota, the State has done that.

If the flexibility isn't there for funds, then Minnesota looks at having decreased costs. I think that is one of the first things that goes. But what could we do better to prepare people for college, or vocational school, or getting their GED?

We still have basic education needs for much of this population, and I need to know if we are making those needs.

And Mr. Chair, I know I have more questions and I know they have a lot of good answers. And I appreciate any information you can help the Chair in providing back some of that. And I know I rambled a lot of questions and I know that we have a great staff person who takes all this down. So thank you so much for your time and patience.

Chairman McKeon. You would like all of those questions to be answered for the record if they are able to do that?

Ms. McCollum. Mr. Chair, at their leisure.

Chairman McKeon. Thank you. Mr. Isakson.

Mr. Isakson. Thank you, Mr. Chairman. I apologize to the panel. My plane was late so I didn't get to hear the testimony, but I had the benefit of reading, too. And I would like to make a comment and then ask a question. I would like to commend Ms. Hall on her achievement and what she has done with her life, and particularly being here today to be a testimony to that. And I agree with the last paragraph. You are a great example to your children. And I am proud of you and I know your State is, too.

Ms. Garland, your recommendation is that we maintain the level of funding and give more flexibility at the State level particularly with regard to education and training. I looked at your chart on Wisconsin expenditures and the breakdown of those expenditures in 1996 versus the year 2000, which speaks volumes to me about two things, one is if you change the focus to getting people to work, there comes the responsibility to do those things to support that effort, which is obviously where the change is. But I also noted that the level of funding or the amount of money expended in 1996 and 1998 was virtually the same, about 16 million less in 2000 than in 1996.

Do you know, by chance, what had been happening in the 4 years preceding 1996 in terms of expenditures? Have they been annually accelerating or they been about flat?

Ms. Garland. Actually, I don't know the answer to that question, but I can provide that.

Mr. Isakson. It would be interesting to see if the trend line leveled off or it was about the same. I would like to know. And the second thing, I know from reading your testimony, you all do a very good job of tracking and staying with your people, and in some cases, they are coming back for retraining and additional education. Out of curiosity, would you define most of those who have left welfare and are working to be working poor? Would that be your definition?

Ms. Garland. Well, that is a very good question. I was speaking with Ms. Brooks prior to the testimony, and we were talking about levels of self-sufficiency and what is actually self-sufficiency for a person. And I think her research or the information she has is very important to answer that question, because what is necessary for a person to be successful in Wisconsin may not be the same in Minnesota. And so, you know, it is difficult to answer that. However, from my estimation in working with the families, I do believe if a person continues to need food stamps, continue to need the medical assistance subsidies, that potentially that could be viewed as working poor.

Mr. Isakson. I am going to come back to you one second. Ms. Brooks, do you want to elaborate on that since you are referred to as the expert by Ms. Garland?

Ms. Brooks. Wider opportunities for women calculates what we call the self-sufficiency standard, which is a measure of how much it takes for people to meet their very basic needs in different places and for different family sizes. So the amount is different in Milwaukee, Wisconsin than in Miami, Florida. And it basically is at sort of the county level or that geographic specificity. And it is different depending on who is in your family. So if you have a couple of preschoolers, your costs are going to be different than if you have a school-age child or teenager.

What we have calculated, the self-sufficiency standard now in 16 States and we will have about 35 States by the end of next year, and what we found is that costs, in fact, do vary tremendously and not just State by State, but also within the State. And we have also found that costs don't vary in a necessarily regular pattern.

So in most of the States we have looked at, there is often an area usually like a resort area, that has a small population and is rural in some way, but has higher costs than a major metropolitan area. So the self-sufficiency standard really builds up what those costs are from the local information. The self-sufficiency standard tells us that in most places, families with a couple of children, especially if they need full-time day care, their costs are quite high. In order to get to those incomes, we can do 2 things or we can do both things, we can increase peoples' incomes or we can reduce their cost. To increase their incomes, we need to do things like develop skills, get people into better paying jobs. In addition to that, we know that families are not going to get into $20-an-hour jobs necessarily as their first job coming off of welfare.

So in the short-term, we need to make sure that families have available to them the host of work supports that Mrs. McCollum mentioned, child care, health care, food stamps, transportation assistance so they can lower the amount that they actually have to go out and earn.

Mr. Isakson. Mr. Chairman, I know my time is up, but I want to say one thing about why I asked that because the chart that Ms. Garland provided was outstanding. I am big supporter of investing money in people so they can be self-sufficient. It would be great, and maybe Dr. Karoly is the person to do this, but i believe that a person that goes from welfare to work, although they might have almost the same

amount of money in terms of compensation that they had in terms of benefits, will spend the money far differently and far more wisely, and will generate revenue that comes back to the government that is not generated in a welfare proposition.

In fact, the people that are providing in these services in your second chart, those are people that all have jobs to provide those services. I think it would be a great thing for us in government to see the payback back to government in revenues that come to the States and the government from having a workforce rather than a dependent force, for lack of a better term, because I think there very definitely is a payback.

And although the reduction expenditure might have been 16 million between 1996 and 2000, if you added what I suspect is greater revenues back to the State and, to a smaller extent, the Federal Government, we are getting a much bigger payback than might just appear from that chart. That is the reason for asking that question and I yield back the time I don't have left.

Chairman McKeon. Mr. Hinojosa.

Mr. Hinojosa. Thank you, Mr. Chairman. I want to compliment the members of the panel and I also ask for apology for being a little bit late and didn't get to hear the testimony other than what I have read. I was tied up at another Committee meeting. But I am pleased to start my question to Mona Garland.

In your testimony, I read that you pointed out that many of your Wisconsin Works participants needed more time to accomplish their goals than allowed for what the current 2-year Wisconsin State for services and even the 5-year Federal time limits. The area that I represent is predominantly Hispanic. And we have many who are limited English proficient. So my question is, in considering the Hispanic population where language may be a barrier as well as under-education, how will these time limits impact similar programs as yours?

Ms. Garland. In Wisconsin, we have a 2-year time limit for various different categories of cash assistance. What we found is that while there is an allowance for an extension to go beyond that 6-month increment, it changes the focus of the activities for the participant. For example, if we have someone who is involved in, say, English as a second language class or something of that nature, needless to say if we recognize that this participant will no longer receive assistance within 6 months, the focus of that person's employability plan would change, and it would be more geared strictly toward employment and obtaining wages to support the family.

Where that becomes a problem is where that individual is not really prepared to enter the world of work fully, thus recidivism, or just the family being affected. And it has a rippling effect. So in some cases, we do believe there will be families who will not be prepared fully for the world of work at the 5-year limit due to multiple problems.

Mr. Hinojosa. Do you have recommendations for those regardless of what their home language is, Spanish, German, Polish or whatever? Do you have any

recommendations to serve those people?

Ms. Garland. I do believe it needs to be part of the plan for the family. Actually, in Milwaukee, we have the United Migrant Opportunities Services, which is UMOS, who works primarily with the Hispanic population. And their programming is more customized to address the needs of those families. However, that is not our only population that has language barriers. But we work very closely with the other community-based organizations, which specialize in providing services for other languages in the community.

Mr. Hinojosa. Thank you. My second question is to Rodney Carroll. Mr. Carroll, what kinds of training and education and how much do your partners find the most successful welfare to work participants have? And second part to that question is what kinds of supports do the most successful hires have once they have been hired?

Mr. Carroll. Thank you. The first part is that they need to have education in workplace literacy, which is a little different. For example, all the companies that you can pick, a company, Xerox, for example, there is a Xerox way of doing things. We do it this way. One good example is we had a project in Chicago where we got people to work in law firms and for pretty good jobs and pretty good wages. But they had to go to class, so we had to send them to community college for 13 weeks to learn how to work in a law library, how to access the books, how to do the materials, how to work a fax machine. Apparently, even to be able to divide and multiply is very important when you are sending out multiple faxes to multiple clients.

To answer your second part, one of the biggest things that we found is having a mentor, whether it is in a company or outside a company is extremely important in making the transition. You see that many times a person needs some assistance, something that may not be catastrophic for you or I, but they may view it that way. So you have a person who works in a company or outside a company that helps them make the transition.

Mr. Hinojosa. Thank you. Mr. Chair, my time has run out, but I had one more question. Could you give me an extra minute?

Chairman McKeon. Yes, 1 minute.

Mr. Hinojosa. This one is to Jennifer Brooks. Can you talk more about how the policy of the State of Illinois has been for Illinois, and also talk about how their policies allowing post-secondary education to be an allowable work activity.

Ms. Brooks. I think that you are referencing something in my written statement about stopping the clock for people who have entered work, but still are earning wages so low that they are eligible to continue to receive TANF benefits.
Chairman McKeon. Could you pull your mike a little closer?

Ms. Brooks. I am looking through my notes to find information about the Illinois State policy. But basically, what happens in Illinois is that for up to 36 months, individuals are able to stop their clock. And the way that happens is that individuals

are put into a separate State-funded program that is funded with maintenance of effort dollars, so that they are no longer held to the 5-year time limit.

Mr. Hinojosa. Thank you. Thank you, Mr. Chairman.

Chairman McKeon. Mr. Souder.

Mr. Souder. Thank you, Mr. Chairman. I wanted to start with Ms. Garland. In your written testimony, you said that, I think, 20 percent you estimate will continue to need some type of assistance. We projected 20. You estimated closer to 40, which would be double our projection. What percentages of those cases have a drug or alcohol problem?

Ms. Garland. Without having an actual number in front of me, I would say, and are you referring to the 20 percent or the 40 percent?

Mr. Souder. Those that are longer-term cases where you have had difficulty getting them placed. My assumption is when you said the 20 to 40, it means that there is a percent of people that are going to take longer to get into the workplace. And I am wondering, roughly, what percentages those have of drug and alcohol problems.

Ms. Garland. Actually, we found of the estimated 40 percent in our particular region in Milwaukee, I would say about 25 to 30 percent of those do have alcohol and other drug dependencies. And we have also found that those with drug dependencies, they become dual-diagnosis-type cases, because one thing perpetuates another, such as mental health issues as a result of drug dependency and other types of cases.

Mr. Souder. Because I am wondering whether or not as we look at welfare reform, we should look at a subcomponent because in fact, that may be low, depending on whether people are being forthcoming and when they come in and whether they are tested, whether we should be looking at drug and alcohol treatment as a component to welfare reform and how we look at that question.

I have a similar question on those with special needs who may have mental handicaps. What percentages of this number have some sort of a mental disability that makes employment harder?

Ms. Garland. Actually, that percentage would be even higher because there are cases where there are mental disabilities in addition to the other issues, there are specific mental health issues take we run into, I would say more like 30 percent have some form of antidepressant or have some major barriers.

Mr. Souder. Could you separate a little bit of what I would refer to as something that is a mental health problem as opposed to a mental disability, which are slightly different? Obviously, you probably have both types of cases.

Ms. Garland. Well, could you explain that a little bit?

Mr. Souder. One of the things we have done in this country is we de-institutionalized a lot of people who are marginal and self-supporting. And many of the hardest to employ are people who used to be institutionalized. And you have a certain percentage of those. You also have people who may be depressed at a given time who have bipolar personalities or other types of disabilities and mental health problems. And the reason I ask these questions is as we look at welfare reform, if at least half of our cases, some of these are overlapping, two-thirds of our cases may have problems not related to job training, sending them to school or putting them in the workforce may not be the solution.

Ms. Garland. Absolutely. As a matter of fact, as part of my testimony, I did talk about working toward a seamless delivery service system along with Social Security disability and vocational rehabilitation. I would say that as far as mental disabilities, that percentage is probably larger than the first category you mentioned.

Mr. Souder. Dr. Karoly, is that how you say your name?

Dr. Karoly. Karoly.

Mr. Souder. In your research, not only in what you presented today, but also in other things you may have seen, have you seen the phenomenon we were just discussing talked about? One of the long term questions I think you have done a good job of dissembling the data that suggests that yes, maybe the claims we make for welfare reform are not as dramatic. But in fact, there are successes that can be isolated from the economy; there are successes beyond just the economy. But this type of field is looking for incremental gain. We didn't have incremental gain even for a decade. The fact that we made incremental gain was good. But as we look at the people who are really difficult, those who have been on welfare for 7 years or more, we often find a different mix than those who have been on for 2 years or less and those between 2 and 7.

Do you know any studies or data that would zero in on those differences, because when we look at welfare reform, we don't want to redo the system based on a short-term economic problem, which is going to be the temptation. We are going to get hit and probably need to have some sorts of waivers on the 20 percent, anyway, for unemployment rates in a given area and that type of thing. But long term, we really have 2 groups that we are trying to deal with. And how can we better differentiate between the 2 types?

Dr. Karoly. Well, I regret that the research that we draw on is relatively silent on these issues of the hardest to serve and what types of services and supports beyond what we think of as the traditional welfare system are required to best assist those individuals in moving towards self-sufficiency. So issues related to mental health care, treatment for substance abuse, domestic violence being another issue, those are all areas that I think only recently have we begun to focus in on those needs and the population that remains on welfare and the extent to which we know what works, I think, there is some basis for doing that, for drawing on existing evidence. But it has not been incorporated into the broader research base that tells us the extent to which we can move individuals who now are recognized as hardest to serve into the

workplace.

Mr. Souder. Anybody else who has input on that I would appreciate for the record. And also, if I have an additional question, I would like to have asked for the record and if people respond, I am very concerned about a phenomenon that has happened in the last 5 years is a tremendous influx, certainly true in Indiana, probably true in Wisconsin and any other State in the Union, we have an influx of illegal immigrants to cover the fact that we couldn't get jobs filled; that what the current downturn in the economy is going to do to the welfare system and the eligibility of those children on food stamps and so on, will people be afraid to come in?

And this is going to be a major test to our welfare reform system. We, in August alone, had a 40 percent increase on demands on welfare prior to September 11. And I believe this is going to isolate some of the variables of when we were at 2 percent unemployment. We clearly were bringing in people in from other countries to meet full unemployment needs, and still, people on welfare were not filling those jobs. Thank you for your charity on the time limit.

Chairman McKeon. I want to thank all of you who have served as witnesses on our panel today for your valuable time for the testimony that you have given. And as I mentioned earlier, if you think of something later that you didn't get to say, we will keep the record open and you can add to your testimony if you so desire. And also, if you would continue to work with us as we go through this process, we would appreciate any further input from you. This will be at least a year probably in doing this reauthorization, so there will be a lot more time for you to participate. And we would appreciate it. So if there is no other further business, the Committee stands adjourned. Thank you.

[Whereupon, at 11:40 a.m., the Subcommittee was adjourned.]

APPENDIX A -- WRITTEN OPENING STATEMENT OF CHAIRMAN HOWARD P. "BUCK" McKEON, SUBCOMMITTEE ON 21st CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATON AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, D.C.

STATEMENT OF THE HONORABLE HOWARD "BUCK" McKEON

CHAIRMAN

COMMITTEE ON EDUCATION AND THE WORKFORCE

SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS

October 16, 2001 Hearing On:

"WELFARE REFORM:

SUCCESS IN MOVING TOWARD WORK"

Good morning. Thank you for joining us for this important hearing. The Subcommittee is holding its second meeting today to hear testimony on the effects of welfare reform and the Temporary Assistance for Needy Families block grant.

The purpose of today's hearing is to continue to examine the effects of welfare and its impact on work and families. In particular, we will focus more specifically on the work requirements within the welfare reform bill passed by Congress in 1996. Even with the strong economy of the late 1990s, studies are confirming that welfare reform is largely responsible for the declining caseloads and the increase in work.

At our first hearing on this issue last month, we heard that welfare reform has had a number of positive effects. Caseloads are down more than 50 percent, incomes are up and child poverty has fallen further than at any time since the 1960s. There are many factors behind these results, but none more important than work. The focus on work requirements has changed the whole culture of the program for all those involved – state staff, recipients, and even the general

public. During the strong economy of the 1980s, families did not leave the welfare system for work because they really had no incentive to do so. Unlike the old AFDC program where individuals lost all of their cash assistance if they went to work, States now have the flexibility to create incentives for families to go to work. States and federal welfare reform laws have created a new work ethic in our welfare system and for the families that had come to depend on it.

However, at the same time, we continue to be concerned about family outcomes. All of us are interested in the impact of welfare reform on poverty. There are some interesting recent statistics on this topic that I would like to share. Recently released Census Bureau data show that female-headed families had their lowest measured poverty rates ever in 2000.

One of the hallmarks of welfare reform has been the reduction in the number of single mothers without earnings and the increase in the number of single mothers with earnings. People in female-headed households with no workers had the highest poverty rate among household groups – two thirds were poor. However, the proportion of single mothers with earnings has increased dramatically in the last few years. A recent study shows that the number of single, working women who head families with children rose by 20 percent from 1993 to 1999. As a result of obtaining earnings, these families moved from a category with a deep poverty rate – those without earned income – to a category with a poverty rate less than 20 percent. And, we know that welfare reform played a significant role in helping women make this transition into work. While we know there is still work to be done, this progress has been significant.

Today, we will hear from an analyst who is examining the multitude of research that has been done to date on welfare reform. In addition, we will hear from a practitioner and former recipient who will be able to share with us how aggressive work programs have changed peoples' lives. We will hear about the business community's commitment to hiring former recipients, and researches looking at welfare leavers and outcomes for families. I know all will offer us insight into the strides that have been made, as well as thoughts on further steps that need to be taken. We look forward to their comments.

With that, I would like to recognize Congresswoman Mink for any statement she may have.

APPENDIX B -- WRITTEN STATEMENT OF LYNN A. KAROLY, Ph.D., DIRECTOR, LABOR AND POPULATION PROGRAM & POPULATION RESEARCH CENTER, RAND INSTITUTE, SANTA MONICA, CALIFORNIA

ESTIMATING THE EFFECT OF WORK REQUIREMENTS ON WELFARE RECIPIENTS: A SYNTHESIS OF THE NATIONAL LITERATURE

Testimony of Lynn A. Karoly, Ph.D.

Senior Economist
Director, Labor and Population Program
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Santa Monica, CA and Arlington, VA

Before the Subcommittee on 21st Century Competitiveness
Committee on Education and the Workforce
U.S. House of Representatives

October 16, 2001

The opinions and conclusions expressed in this written testimony are the author's alone and should not be interpreted as representing those of RAND or any of the sponsors of its research.

ESTIMATING THE EFFECTS OF WORK REQUIREMENTS ON WELFARE RECIPIENTS: A SYNTHESIS OF THE NATIONAL LITERATURE

Written Testimony of Lynn A. Karoly*

Director, Labor and Population Program
RAND

INTRODUCTION

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which implemented the Temporary Assistance to Needy Families (TANF) program, was enacted to further several goals: reduce dependency, increase employment, reduce unwed childbearing, promote marriage, and maintain two-parent families. With reauthorization of TANF pending, policymakers want to know how much the policy reforms embodied in the TANF legislation have been successful in achieving these objectives.

Certainly, the trends in various key indicators suggest that welfare reform may have resulted in anywhere from modest to substantial progress toward meeting these goals. In 2001, the welfare caseload is less than half of what it was at its peak level in 1994, when it was 5 million families (U.S. Department of Health and Human Services (DHHS), 2001b). Employment rates of women leaving welfare range from 62 to 90 percent (DHHS, 2001a). Among single women with children more broadly, the fraction employed increased from 69 percent in 1993 to 83 percent in 1999, a 20 percent increase (Grogger, 2001). Single mothers worked, on average,

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*RAND Senior Economist and Director of the RAND Labor and Population Program. In this testimony, I draw on a forthcoming RAND study titled "Consequences of Welfare Reform: A Research Synthesis," by Jeffrey Grogger, Lynn A. Karoly, and Jacob Alex Klerman. The completed study will be available through the RAND project website: http://www.rand.org/labor/TANF_synthesis/. The opinions and conclusions expressed in this

7 more weeks in 1999 (for a total of 37 weeks) compared with 1993, and their earnings have increased by 35 percent over the same time period. Family income has also been increasing, and the poverty rate has been falling (Haskins, 2001). These improvements in labor market outcomes and family incomes have been accompanied by a decline in teen fertility and an increase in two-parent families (Martin et al., 2001; Acs and Nelson, 2001; Dupree and Primus, 2001).

At the same time, other data suggest another perspective. Former welfare recipients, so-called "welfare leavers," have been monitored in over 30 state studies, including 13 funded by the Assistant Secretary for Policy and Evaluation (ASPE), U.S. Department of Health and Human Services (DHHS). A recent summary of the 13 ASPE-funded welfare leaver studies (plus two other comparable analyses) shows that most welfare leavers (62 to 90 percent), defined as those who have been off welfare for at least two months, work at least some part of the first year after leaving welfare (DHHS, 2001a). However, a smaller fraction, from one third to one half, were employed all four quarters, and the evidence is mixed about the longer-term trend in employment outcomes. Moreover, earnings and family income remain low and spells of unemployment are common. Most welfare leavers continue to receive other government support, most commonly Medicaid and, to a lesser extent, Food Stamps. Even so, rates of reported food insecurity range from 13 to 52 percent and other forms of material hardship (e.g., housing problems, issues with access to health care) have similar or somewhat lower prevalences. While work is common, 2 to 4 out of every 10 welfare leavers return to the welfare rolls in the first year after leaving. In general, these studies paint a picture of considerable diversity in the post-welfare circumstances of former recipients.

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While it is tempting to infer that welfare reform explains the observed trends or the circumstances of welfare leavers, we know that these types of comparisons do not account for other changes that took place during the same time period that could have also contributed to the observed outcomes. In particular, there were other policy changes, such as increases in the Earned Income Tax Credit (EITC), a de-linking of subsidized health insurance from welfare receipt, and increases in the minimum wage. Perhaps most important, there was a long and robust economic expansion. Thus, at least some of the improvements in welfare-related outcomes resulted from changes in other policies and the improving economy rather than from changes in welfare programs. By the same reasoning, the observed outcomes of welfare leavers, while informative, may result from both welfare policy changes and other factors.

For policy purposes, it is essential to know what the effect of welfare reform has been, *holding all else constant*. Under a contract from the U.S. Department of Health and Human Services Administration for Children and Families (U.S. DHHS-ACF), my colleagues—Jeffrey Grogger and Jacob Klerman—and I have conducted an extensive review of recent research to synthesize the current state of knowledge about the effects of welfare reform. The primary focus of the synthesis was on the *net effects of reform*, taking into account the impact of other factors such as the economy and other policy changes that may have affected the outcomes of interest. Like the literature on which it is based, the synthesis considered both the effect of the TANF reforms as a bundle and the effects of specific policies, including work requirements, financial incentives, and time limits.

Given the focus of this hearing on work requirements, I devote the bulk of my testimony today to a discussion of what we know about the impact of this particular policy component. However, before doing so, I briefly review our approach to determining the causal impact of

TANF on various outcomes of interest. At the end of this testimony, I turn to a discussion of some issues for TANF reauthorization suggested by the research.

HOW DO WE DETERMINE THE CAUSAL IMPACT OF TANF?

Distinguishing the effects of welfare reform from the effects of other policies and the economy is not a simple matter. For example, we want to know how much of the decline in the welfare caseload or rise in employment of single mothers is the result of the 1996 PRWORA legislation and the TANF programs it implemented. To answer this question, we need to know what would have happened to the welfare caseload or employment in the absence of welfare reform; in other words, we want to know what would have happened if the status quo prior to August 1996 had continued. However, we do not actually observe that outcome. that outcome—referred to as a counterfactual—does not exist. Instead, we observe a world where the policy change occurred but other policies and other factors like the economy changed as well. Since we do not observe the counterfactual, we must design and implement a research strategy that holds everything else constant.

There are two primary research methodologies available to measure causal impacts, in other words, to hold everything else constant. The first is to implement a random assignment experiment. To test a new program or policy, a study population is chosen and individuals are randomly assigned to either the control group, which is subject to the baseline policy environment, or the treatment group, which is subject to the new policy environment. If randomization is executed properly, there should be no systematic differences between the treatment and control groups other than those attributable to the different policy environments and chance. As the sample becomes larger, the likely effect of chance shrinks so that the average

effect of the policy, which is referred to as the "treatment effect" or the "impact" of the policy, can be estimated by the difference in mean outcomes between the two groups.

Such random assignment experiments can be a powerful evaluation tool, either for evaluating specific policy changes such as work requirements or combined (or bundled) policy changes such as work requirements packaged with financial incentives and time limits.[1] Recognizing the analytical benefit of this approach, DHHS-ACF required—in the pre-TANF period—that random assignment evaluations be a component of granting section 1115 waivers. Under these waivers, states began to implement reforms that, for the most part, were later incorporated into their TANF plans. The body of experimental studies from these waiver evaluations represents a major accumulation of knowledge about policy effects and, thus, comprises a substantial part of the evidence base we draw on for our synthesis. More specifically, we review the published findings from 28 major experimental evaluations conducted during the 1990s prior to TANF implementation.

The second research approach to estimating causal impacts is to analyze observational data using statistical methods to hold constant as many potential confounding factors as possible. This approach allows researchers to evaluate of policies not subject to the random assignment studies and to capture the entry effects that the random assignment studies miss. In our synthesis, we review over two dozen high-quality studies that utilize this approach.[2]

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[1]Despite their advantages, however, random assignment studies have several drawbacks. For a variety of reasons, they are not always feasible, their findings may not generalize to a universally implemented program, and they can be implemented poorly such that the impact estimates may be biased. In addition, in the context of welfare reform, random assignment studies only capture the effect of the new policy environment for those already on welfare. The impact on entry onto welfare is generally not captured in these studies.

[2]Like the experimental studies, there are potential methodological issues with observational studies and the statistical methodologies they employ.

Drawing on both types of studies, our synthesis considers the following welfare-related outcomes:

- Welfare use and the caseload;
- Employment and earnings;
- Utilization of other government programs (e.g., Food Stamps and Medicaid);
- Family structure, specifically marriage and fertility;
- Income and poverty;
- Consumption and other material well-being (e.g., food security, housing security, and health insurance coverage);
- Child well-being (e.g., child development and school progress).

We examine the effect of specific welfare policies on these outcomes. The specific policies we consider are limited by those considered in the literature and include:

- Financial work incentives, including earnings disregards and benefit reduction rates;
- Requirements to work or participate in work-related activities;
- Time limits;
- Family caps and minor residence requirements;
- Family responsibility requirements.

In the case of the policies related to work participation mandates, we also consider variation in program content or approach, such as the human-capital development model (that emphasizes basic skills and education) and the work-first model (that emphasizes job search and employment).

The best way to view our synthesis is as a matrix that addresses the intersection between specific policy and welfare-related outcome cells in that matrix and seeks to fill them in based on the evidence in the literature. While there is a considerable body of research to draw on, our review documents that we do not know the impact of each policy on every welfare-related outcome.

THE IMPACT OF REQUIREMENTS FOR MANDATORY WORK-RELATED ACTIVITIES

One specific policy we consider in our synthesis is requirements for mandatory work-related activities, also known as work requirements. Starting with the Job Opportunities and Basic Skills (JOBS) training program in 1988, nonexempt welfare recipients were required to spend 20 hours a week in work-related activities, including work, education, or training. Those who failed to participate were subject to sanctions, which involved forfeiting the adult's portion of the Aid to Families with Dependent Children (AFDC) benefit. First under waivers and then under TANF, requirements for mandatory work-related activities were strengthened to include higher hours requirements, more restrictive definitions of permissible work-related activities, and lower age-of-youngest-child exemptions. Many states also reoriented their welfare-to-work programs as well, emphasizing job search and employment (so-called work-first programs) over basic skills and education (so-called human-capital development programs). Stiffer sanctions policies (i.e., penalties for noncompliance) were also implemented.

Of the various welfare reform policies, requirements for mandatory work-related activities are the best studied. Eleven random assignment experiments, collectively known as the National Evaluation of Welfare-to-Work Strategies (NEWWS), evaluated a reform that primarily consisted of stronger requirements for mandatory work-related activities, with approaches that

included the Human Capital Development (HCD) (e.g., education and training) model and the Labor Force Attachment (LFA) (i.e., work first) model.[3] The sites included Atlanta (Georgia), Grand Rapids (Michigan), Riverside (California), Portland (Oregon), Columbus (Ohio), Detroit (Michigan), and Oklahoma City (Oklahoma). Two similar evaluations in Los Angeles (Jobs-First GAIN) and Indiana (the basic track of the Indiana Manpower Placement and Comprehensive Training Program (IMPACT)) also primarily evaluated mandatory work-related activities. Each of these studies have published impact estimates for a two-year follow-up period (Freedman, Knab et al., 2000; Freedman, Friedlander et al., 2000, McGroder et al., 2000; Fein et al., 1998).

The results from these 13 studies support the following conclusions about the impact of requirements for mandatory work-related activities:

- Employment rates and earnings increase, while welfare use and the use of Food Stamps and Medicaid decrease.
- While earnings rise, welfare payments fall, so that there appears to be no effect on income (i.e., the sum of earnings and welfare), although poverty may improve.
- Like income, there appears to be no change in marriage or fertility when work requirements are implemented. The evidence base is weaker with respect to the impact of work requirements on broader measures of well-being, and on child development and school progress.

We discuss each of these conclusions in more detail below.

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[3]These programs included some other reforms such as extended transitional child care or a family cap (Indiana only) but unlike TANF, they did not include time limits or financial incentives to make work pay (e.g., more generous earned income disregards or benefit reduction rates).

Employment Rates and Earnings Increase, While Welfare Use and the Use of Food Stamps and Medicaid Decrease

Figure 1 shows the impact of work requirements on employment, as measured by the experimental (random assignment) evaluations that hold all else constant. Employment is measured by whether the participant was ever employed over the two-year follow-up period. With one exception, employment is higher in the treatment group than in the control group, and nine of the twelve positive impact estimates are statistically significant (as indicated by the asterisk on the program name in the figure). On average, these programs increase employment by 5.6 percentage points during the first two years, which amounts to an average 10 percent gain over the control groups. The LFA programs, which emphasize job search, result in larger average employment gains than the HCD programs, which emphasize skill-building and generally require the participant to participate in classroom activities. The average employment increase among the search-oriented programs was 9.2 percentage points, compared to 3 percentage points among the skills-oriented programs. Part of this difference may arise because LFA participants generally start looking for work right away, while HCD participants spend part of the follow-up period in classes or training and therefore on average do not start work until later.

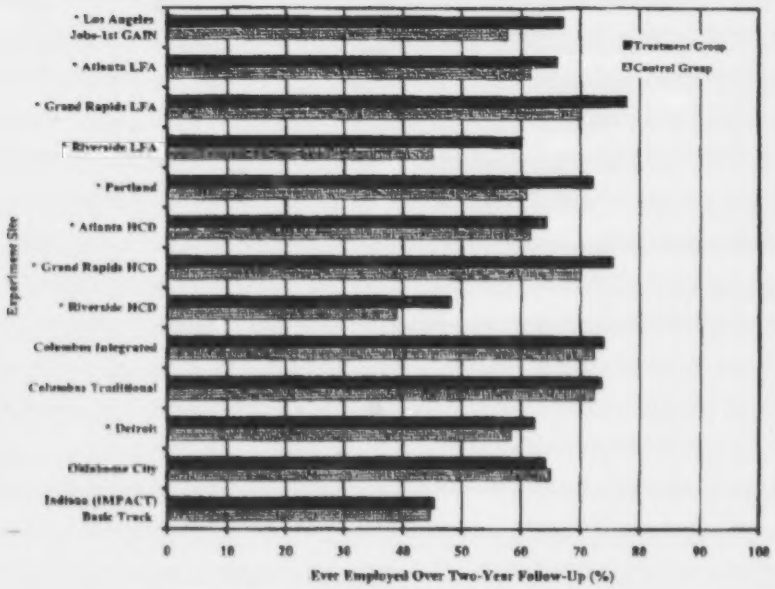

Figure 1: Impact of Work Requirements on Employment, 13 Experimental Studies

SOURCE: Los Angeles: Freedman, Knab et al. (2000); NEWWS: Freedman, Friedlander, et al. (2000); Indiana: Fein et al. (1998).
NOTES: * indicates difference in employment rates between treatment and control groups is statistically significant at the 5 percent level or better.

The earnings results (not shown in the figure) from these programs are also positive, although the earnings impacts are small. Twelve of thirteen programs produced positive effects on earnings, nine of which were statistically significant. The one negative effect was insignificant. The average earnings impact over the two-year follow-up exceeded $700; only four of the programs failed to produce earnings gains of at least $400. Again, the gains were greater for the search-oriented programs than for the skills-oriented programs. Among the four work-first programs, earnings impacts averaged about $1,200. Among the human-capital programs, earnings impacts were smaller, averaging just under $400.

In twelve of the thirteen evaluations, compared with the control group, welfare use was lower after two years for the treatment group subject to stricter work requirements and all impacts were statistically significant. This is consistent with economists' expectations that work requirements should make welfare less attractive and therefore lower welfare use. The average reduction in welfare use was 5.1 percentage points. In relative terms, the average reduction was 8.7 percent. Across the programs, there is evidence that the jobs-first model generated somewhat greater reductions in welfare use than the skills-oriented programs.

Food Stamps and Medicaid use (also not shown in the figure) generally follow the impacts for welfare. Nine of the thirteen studies find a statistically significant negative impact on Food Stamp use, while the one study that measures Medicaid use also finds a negative impact. The negative impacts on Food Stamp and Medicaid participation are generally not as large as those for welfare use, indicating that some who leave welfare continue to receive these benefits.

While Earnings Rise, Welfare Payments Fall, So That There Appears to Be No Effect on Income, Although Poverty May Improve

Twelve of the thirteen welfare to work programs found no significant impact of mandatory work requirements on income (the sum of recipient earnings and welfare plus the Earned Income Tax Credit) at the two-year follow-up. The sole exception was Los Angeles Jobs-First GAIN, where a broader measure of monthly household income was about $90 higher for the treatment group compared with the control group, a statistically significant impact. Impacts on poverty were almost all insignificant as well, although more impact estimates were negative, suggesting that these programs may be somewhat more effective at raising incomes near the poverty threshold than at the bottom of the income scale. At the same time, many of the programs increased the fraction with incomes below 50 percent of the poverty line.

The small or nonexistent impacts on income and poverty are consistent with the combination of the positive earnings gains produced by these programs and high benefit reduction rates under the old AFDC rules that led to a significant reduction in welfare payments as earnings rose. Since income did not change, but the composition shifted from welfare benefits to earnings, it is not surprising that the majority of the programs also raised self-sufficiency as measured by the share of income from earnings. Even so, the average earnings share for treatment group members never exceeds 50 percent.

Like Income, There Appears to Be No Change in Marriage and Fertility When Work Requirements Are Implemented—Evidence Base Weaker for Other Well-Being Outcomes

With one exception, the twelve programs that evaluate the impact of work requirements on marriage and fertility show no significant impacts on either outcome as of the two-year follow-up. In terms of other measures of well-being, measures of health care coverage for adults and children are available for 12 of the 13 studies. Almost all the impact estimates indicate that

programs that require mandatory work activities tend to reduce the probability of health insurance coverage after two years for both adults and children. However, all the effects are very small and only a few are statistically significant. The reductions in health insurance coverage are consistent with the move off welfare to employment associated with mandatory work requirements. The loss of automatic Medicaid coverage is not entirely made up by transitional Medicaid coverage, coverage under the poverty-related Medicaid expansions, or transitions to employment-based coverage.

Twelve of the thirteen studies also examine two-year impacts on a range of outcome domains for children, including behavioral adjustments, school progress, and health and safety. Overall, the child outcome results from these studies show no clear pattern of beneficial or harmful effects for children. Both favorable and unfavorable effects are found across all the domains, sometimes for the same program. A comparison across program models does not reveal any strong patterns for employment-focused or education-focused programs.

THE IMPACT OF WORK REQUIREMENTS COMBINED WITH OTHER POLICIES

Under states' TANF programs, work requirements have typically not been implemented in isolation; rather, they are combined with other major reforms. Our synthesis draws on another set of experimental evaluations that assess impacts of work requirements combined with other policy reforms, namely financial incentives and time limits. Compared to the 13 studies that focus on work requirements by themselves, there are fewer studies that analyze work requirements in conjunction with other reforms. Thus, our conclusions about such reforms are less definitive than our conclusions about work requirements implemented by themselves.

Combining mandatory work-related activities with strong financial incentives and/or time limits generally still results in positive impacts on employment and earnings. At the same time,

financial incentives, by allowing recipients to keep more of their welfare grant as their earnings increase, typically produce smaller decreases in transfer payments, which lead to higher income and a reduction in poverty. Welfare reforms that combine work requirements, financial incentives, and time limits appear to initially increase welfare use. Welfare participation then declines, first as more individuals leave the rolls to preserve benefit eligibility for the future, and then as recipients reach their time limit. There is also evidence that programs that include time limits along with work requirements and financial incentives produce initial increases in income that eventually fade as welfare use declines, a pattern that is consistent with the changes in employment, earnings, and welfare use.

There is a more limited evidence base to suggest that strong financial incentives can increase marriage, but this is not always the case. The evidence is mixed with respect to child outcomes, with some random assignment studies finding some improvements in child development when programs include financial incentives, while others show little or no impact. Negative impacts on child schooling and behavior, particularly for adolescents, have been found in one evaluation that includes time limits as part of the reform package.

In sum, the available results suggest that *work requirements when combined with other reforms generally increase work and earnings, just as they do in isolation. Both welfare use and income can increase when strong financial incentive are part of the reform package, or they can both decrease when time limits are part of the reforms and those time limits become binding. The impact on other outcomes, such as income, fertility and marriage, and child well-being, can differ from what is observed when work requirements are the only reform.*

ISSUES FOR REAUTHORIZATION

Our synthesis suggests several issues as Congress debates the reauthorization of TANF.

First, policymakers need to recognize the trade-offs between the various goals of welfare reform and the ability of different policy components to affect the goals of reform.

While the primary reforms to the welfare system, such as work requirements, financial incentives, and time limits, generally serve to raise employment and earnings, it is not the case that each of these policies simultaneously reduces welfare use, increases income, reduces poverty, lowers fertility, increases marriage, and promotes child well-being. For example, as discussed above, while work requirements reduce welfare use, they do not have much of an impact on income and poverty. Consequently, they also do not have much of an impact on marriage, fertility, or child well-being. In contrast, rather than reducing dependency, programs with generous financial incentives generally increase welfare receipt and total transfer payments, at least in the short-run. Since financial incentives allow families to keep more of their welfare benefits as their earnings rise, they also increase income, decrease poverty, and improve material well-being. Moreover, when incomes increase, there is more of a tendency for child outcomes to improve as well, or at least to not become worse.

Second, the federal government should continue to coordinate and fund evaluation research of welfare reform, including longer-term follow-up of existing random assignment populations and new studies that evaluate specific reform components.

Understanding the causal impact of welfare reform as a whole and specific policies in particular requires a solid research base of high-quality random assignment and observational studies of the kinds we review in our synthesis. While the knowledge base is quite strong in some areas, such as assessing the impact of work requirements, in other areas, it is weak or nonexistent. For example, we know very little about the impact of various sanction policies on welfare-related outcomes. As another example, time limits have been evaluated almost

exclusively as part of a package of reforms, so it is difficult to isolate the separate impact of time limits on behavior. There is also little basis for knowing what will happen under policies that might be adopted in the future, such as different forms of time limits.

Finally, much of our knowledge base tells us about the short-turn impacts of welfare reform, typically over a two- to four-year horizon. Some impacts, such as those on marriage, fertility, and child well-being, may take longer to respond to a new policy environment. Hence, longer-term follow-up of experimental populations is vital for assessing the longer-run consequences of these policies.

Both to better understand the impacts of policies already implemented and to gauge the impact of policies that might be implemented in the future, it is imperative that the federal government continue to coordinate and fund new research to augment what we already know. Our knowledge base in 2001 is stronger because of research programs put in place in the late 1980s and early 1990s, and that increase in knowledge occurred only as a result of major expenditures on program development and evaluation. The random assignment studies in particular were conducted to satisfy the requirement that waiver-era reforms be evaluated.

TANF's devolution of discretion to the states removed the requirement for rigorous evaluation. If we are to increase our knowledge base between now and the next time the nation considers major welfare reform, serious consideration should be given to mechanisms to reinvigorate the evaluation of program reforms. Even given TANF's devolution of welfare policy to the states, a strong federal role in research and evaluation remains appropriate and necessary. This is especially true because research conducted in one state can be informative for policymakers throughout the nation. Such investments in the knowledge base will ensure that

policymakers better understand the trade-offs embodied in different reform policies at the next reauthorization of PRWORA.

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APPENDIX C -- WRITTEN STATEMENT OF E. MONA GARLAND, DIRECTOR, OPPORTUNITIES INDUSTRIALIZATION CENTER OF GREATER MILWAUKEE, WISCONSIN WORKS, MILWAUKEE, WISCONSIN

Welfare Reform: Success in Moving Toward Work
Testimony of E. Mona Garland
Wisconsin Works Director
Opportunities Industrialization Center of Greater Milwaukee
October 16, 2001

Good Morning Chairman McKeon, Members of the Committee, I'm Mona Garland, the Director of the Wisconsin Works program with Opportunities Industrialization Center of Greater Milwaukee, one of the private agencies in Milwaukee County responsible for administering the state of Wisconsin TANF Work Program known as W-2.

OIC-GM has been serving our community over 3 decades and along with the state of Wisconsin, has a long-term commitment to improving the quality of life for the citizens living in our communities and state. Administering W-2 in Milwaukee County is in keeping with our mission of "helping people help themselves". Today I will share some of the state of Wisconsin's and OIC-GM's strategies for successful TANF programming and why it is critical to maintain TANF funding levels and program flexibility. Since January 2000 in Wisconsin, 31,600 W-2 participants have become successfully employed. The attached charts in my written testimony clearly indicate that the Wisconsin TANF caseload has decreased, however, state reports indicate that the number of new TANF applicants remains steady. The participants remaining are the harder to serve who live in urban areas like Milwaukee. TANF work programs must remain flexible to provide appropriate services to both groups. For those not nearing federal or state time limits, preparing for, and entering, employment is not enough. We must provide incumbent worker training for career advancement. We also continue to focus our attention on the Employer community to assist the employer with retention of our participants by providing training with potential for upward mobility using Workforce Attachment and Advancement funding. We have developed and expanded

retention services to include wake up calls, advocacy with the employer, and a key element—educating our Employers about the trained labor force. However, there's a down side to this. Some of our participants have not been successful at maintaining suitable employment and need additional services. As a result of this, we are very committed to assuring that our participants participate until they become successful. If participants are unresponsive to our requests—our telephone calls, our letters---we go **find** them using community outreach specialists. These specialists conduct home based services for those unable, or unwilling, to come to the agency. Faith Based organizations have been especially helpful reaching the unreachable. Often in the course of the home visits we discover a need for **immediate** intervention such as food, housing issues, or clothing. In response to this, OIC-GM opened our Support Services facility using Community Reinvestment Funding. We understand that in order to attain sustained self-sufficiency, we must recognize and address the basic needs of our participants. At our Support Services facility, we provide Emergency housing assistance, a food pantry, clothing bank, financial counseling and administer the State emergency assistance program and OIC-GM funded emergency assistance. Flexibility of federal funding has allowed local agencies to customize services so that we can adjust our services to mirror the needs of our participants.

The critical components of our service delivery system include; intensive services to participants and their families as well as non-custodial and two parent households by contracting with at least 30 CBOs, including faith based organizations. Services are provided using a holistic approach including family assessments, AODA counseling,

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Mental Health, domestic violence intervention, credit repair and drivers license recovery. We have assigned staff to develop short-term customized training opportunities driven by employment opportunities with higher earning potential in areas such as office skills, medical careers, light industrial, the food service industry and non traditional employment opportunities.

I believe we have learned numerous lessons over the past several years while Administrating the W2 program. The most important lesson we have learned is that TANF Programming is a process, it is not a quick fix for long-term community problems and generational unemployment. We must consider this program as a vehicle to an economic investment in the future of our communities.

Our population is ever changing—we have discovered there's more hard core poverty cases in the urban communities. We discovered that many long term participants have severe problems including, Learning Disabilities, low coping skills, long term medical issues, AODA and Mental Health issues or a dual diagnosis creating severe incapacity. Literacy and basic education are issues in the community that must be addressed through TANF.

We also recognize that many need more time and services to become self-sufficient. The two-year Wisconsin time limit, as well as the 5-year federal TANF limit, may not be enough time to remediate long-term life problems in our communities. In 1995, we did not anticipate that the need for cash payment extensions would be so great. In fact, some of our participants may never become self sufficient. In Milwaukee

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County, and specifically OIC-GM, identified more than the federally projected 20% who will continue to need some type of assistance. OIC estimates it is closer to 40% --which is double the federal projection.

We have discovered that many continue to have ongoing AODA, Mental Health, domestic violence, housing, parenting issues and legal issues perpetuating financial instability despite our programming efforts. It is important that TANF funding levels and program flexibility are maintained. TANF programs, Vocational Rehabilitation and Social Security Disability systems must combine into a formalized, seamless delivery system for participants not appropriate for work programs. We've learned that states must take a holistic approach to helping families. TANF funding supports other community efforts to empower participant families to be successful. We use our collaborative efforts within the CBO Network and our institutional partners--technical colleges and other educational institutions, county human service departments and Workforce Development Boards--to provide coordinated and collaborative services.

In Wisconsin, it is working.

In summary, I would like to reiterate, TANF reauthorization MUST maintain current funding levels to states and allow program flexibility to allow addition of components needed by the TANF population such as basic education, skill training and support services to accomplish our goal of moving people toward work. OIC believes one of the largest assets any community has is the latent talent pool waiting for a chance to be a successful community member. Thank you.

Wisconsin
PERFORMANCE STANDARDS - SEPTEMBER - 2001

Ordered by Contract Number

Indicates Base Met

WDA	Contract #	BENCHMARK BASE:	EE PLACEMENT Indivs*	EE PLACEMENT 35%**	AVERAGE WAGE 100%	FOLLOW THROUGH 30 DAY FT 75%	FOLLOW THROUGH 180 DAY FT 50%	HEALTH BENEFITS 30%	FULL/APPROP ENGAGEMENT 80%	BASIC ED ACTIVITIES 80%	ED/JOB SKILL ATTAINMENT 50% (Optional)	FAITH BASED CONTRACT Thru 09/01 (Optional)
		Data for these standards includes approved adjustments.										
6	1	ADAMS W-2	99	49.00%	113.70%	89.00%	65.50%	39.40%	98.18%	92.00%	10.40%	Yes
7	2	ASHLAND W-2	43	40.10%	116.50%	80.00%	61.50%	50.00%	85.05%	85.71%	5.20%	Yes
8	3	BARRON W-2	134	45.80%	116.80%	82.70%	62.50%	50.00%	94.44%	82.86%	8.90%	No
7	4	BAYFIELD	55	69.60%	117.70%	85.40%	75.00%	21.82%	91.67%	60.00%	35.70%	Yes
5	5	BROWN W-2	513	50.00%	118.60%	79.30%	59.00%	49.30%	99.29%	93.10%	0.60%	Yes
9	6	BUFFALO	57	60.00%	112.50%	89.10%	76.50%	72.80%	90.20%	78.57%	12.50%	Yes
7	7	BURNETT	42	52.50%	123.50%	82.30%	73.00%	31.80%	86.25%	77.78%	5.50%	Yes
4	8	CALUMET	28	50.00%	110.50%	95.80%	59.00%	46.40%	91.11%	95.45%	37.50%	Yes
8	9	CHIPPEWA W-2	140	54.40%	124.10%	96.60%	76.70%	70.80%	89.33%	77.50%	2.50%	Yes
8	10	CLARK W-2	96	58.80%	114.60%	87.80%	64.80%	54.10%	95.81%	87.18%	6.00%	No
10	11	COLUMBIA W-2	119	56.10%	116.70%	88.10%	73.30%	74.10%	97.17%	94.59%	12.80%	Yes
9	12	CRAWFORD W-2	14	77.70%	105.80%	76.90%	81.80%	71.40%	88.89%	N/A	N/A	Yes
10	13	DANE W-2	1918	57.50%	116.20%	86.00%	56.60%	60.20%	94.62%	94.19%	29.80%	Yes
10	14	DODGE W-2	165	47.20%	121.30%	88.10%	71.72%	54.50%	99.47%	100.00%	3.80%	Yes
5	15	DOOR W-2	82	54.80%	129.70%	100.00%	66.60%	47.60%	95.97%	100.00%	24.30%	Yes
7	16	DOUGLAS W-2	318	49.23%	115.10%	81.20%	55.90%	38.90%	95.37%	93.28%	15.30%	Yes
8	17	DUNN W-2	261	75.40%	120.70%	78.60%	57.70%	44.90%	88.25%	75.47%	14.60%	Yes
8	18	EAU CLAIRE W-2	334	50.30%	113.90%	83.60%	59.50%	46.60%	94.27%	88.37%	28.80%	Yes
5	19	FORWARD SERV (Florence)	14	51.80%	107.70%	100.00%	81.80%	28.50%	93.94%	92.31%	42.80%	Yes
4	20	FOND DU LAC W-2	284	55.50%	121.30%	87.30%	59.00%	57.10%	98.83%	97.12%	12.00%	Yes
4	24	GREEN LAKE W-2	76	67.80%	125.10%	77.40%	53.70%	52.60%	88.14%	95.45%	37.80%	Yes
7	26	IRON W-2	19	95.00%	127.90%	100.00%	66.60%	35.00%	100.00%	66.67%	40.00%	Yes
9	27	JACKSON W-2	96	50.70%	119.90%	88.60%	56.80%	54.10%	94.16%	84.85%	25.40%	Yes
10	28	JEFFERSON W-2	97	64.20%	108.10%	81.90%	70.30%	83.50%	96.59%	88.89%	7.50%	Yes
9	29	WESTERN WIS (Juneau)	157	60.30%	119.10%	83.80%	59.80%	57.50%	98.94%	100.00%	18.30%	Yes
1	30	KENOSHA W-2	988	42.20%	116.20%	82.70%	59.80%	33.60%	95.05%	93.64%	64.50%	Yes

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5	31	FORWARD SERV (Kewaunee)	31	50.00%	122.80%	75.80%	66.60%	67.50%	98.57%	100.00%	30.00%	Yes
9	32	LA CROSSE W-2	520	71.00%	115.00%	78.70%	58.80%	56.80%	98.11%	96.43%	5.40%	Yes
6	34	LANGLADE W-2	146	57.40%	112.00%	83.60%	51.00%	48.90%	87.16%	85.90%	64.90%	Yes
6	35	LINCOLN W-2	143	69.00%	116.70%	83.60%	66.00%	58.20%	91.13%	86.49%	28.30%	Yes
5	36	MANITOWOC W-2	70	52.60%	114.40%	85.90%	67.20%	51.40%	95.71%	100.00%	19.40%	Yes
6	37	MARATHON W-2	401	57.30%	114.90%	83.00%	60.10%	52.80%	94.62%	92.06%	9.20%	No
5	38	MARINETTE W-2	139	56.00%	116.50%	88.80%	72.90%	61.30%	97.36%	95.35%	19.10%	No
10	39	MARQUETTE W-2	71	73.90%	121.20%	90.50%	71.79%	52.70%	98.73%	86.36%	46.20%	Yes
9	41	WESTERN WIS (Monroe)	171	58.90%	115.30%	80.70%	64.50%	49.10%	98.71%	94.12%	11.50%	Yes
5	42	OCONTO W-2	112	66.20%	118.20%	75.20%	73.50%	38.50%	91.30%	87.80%	8.80%	Yes
4	44	OUTAGAMIE W-2	356	61.50%	110.30%	77.60%	55.60%	52.70%	86.47%	81.48%	17.50%	Yes
3	45	OZAUKEE W-2	29	43.28%	126.90%	73.00%	57.60%	61.20%	89.74%	75.00%	0.00%	No
8	46	PEPIN W-2	13	43.30%	111.30%	77.70%	100.00%	47.00%	90.48%	33.33%	0.00%	Yes
8	47	PIERCE W-2	24	50.00%	124.10%	78.20%	53.80%	52.00%	91.11%	88.89%	14.20%	Yes
8	48	POLK W-2	94	46.00%	124.10%	84.20%	61.60%	62.20%	90.28%	87.10%	33.30%	Yes
6	49	PORTAGE W-2	177	65.80%	119.60%	77.30%	44.50%	36.20%	96.03%	90.48%	6.80%	Yes
7	50	PRICE W-2	81	60.80%	118.70%	81.20%	73.80%	64.50%	89.47%	90.48%	2.60%	Yes
1	51	RACINE W-2	924	49.10%	116.20%	81.60%	58.30%	54.60%	99.63%	94.05%	3.70%	Yes
11	53	ROCK W-2	559	42.22%	120.20%	77.00%	52.30%	31.20%	96.38%	85.97%	18.80%	Yes
7	54	RUSK W-2	47	45.60%	116.30%	59.40%	44.40%	50.00%	89.74%	86.36%	8.60%	Yes
8	55	ST. CROIX W-2	86	59.30%	117.90%	86.80%	64.70%	60.40%	96.00%	92.31%	12.00%	Yes
10	56	SAUK W-2	131	60.00%	119.30%	89.60%	73.00%	91.70%	98.95%	100.00%	14.30%	Yes
7	57	SAWYER W-2	72	54.90%	117.30%	81.80%	74.40%	30.14%	86.67%	83.33%	0.00%	No
5	58	SHAWANO W-2	72	42.35%	121.60%	89.20%	71.70%	54.70%	98.83%	96.55%	15.20%	Yes
5	59	SHEBOYGAN W-2	225	57.60%	121.90%	81.60%	62.10%	50.40%	96.84%	96.49%	14.90%	Yes
7	60	TAYLOR W-2	60	59.40%	115.00%	85.10%	71.70%	52.70%	98.70%	100.00%	22.20%	Yes
9	61	TREMPEALEAU W-2	98	61.60%	120.40%	79.70%	64.90%	83.20%	93.75%	89.47%	26.30%	Yes
9	62	VERNON W-2	60	48.00%	120.90%	86.50%	65.20%	52.80%	94.44%	86.67%	11.40%	No
1	64	KAISER GROUP (Walworth)	215	63.70%	116.00%	89.10%	67.80%	65.80%	99.66%	98.53%	19.60%	Yes
7	65	WASHBURN (W-2)	56	57.10%	107.40%	91.40%	74.00%	49.10%	96.67%	83.33%	4.50%	Yes
3	66	WASHINGTON W-2	205	59.20%	119.00%	80.00%	66.40%	58.90%	94.98%	91.07%	5.20%	No
3	67	CURTIS & ASSOC (Waukesha)	293	51.20%	122.40%	87.80%	68.90%	78.70%	95.09%	90.63%	42.60%	Yes
4	68	WAUPACA W-2	101	47.80%	121.90%	80.70%	51.35%	43.20%	90.41%	82.22%	19.40%	Yes
4	69	WAUSHARA W-2	115	75.60%	118.30%	87.50%	57.20%	30.58%	83.76%	80.95%	36.30%	Yes
4	70	WINNEBAGO W-2	277	40.14%	117.80%	88.50%	56.90%	34.30%	86.39%	87.10%	26.60%	Yes
6	71	WOOD W-2	358	60.17%	120.00%	89.80%	58.00%	43.90%	89.78%	86.67%	9.50%	No
5	72	MENOMINEE W-2	56	40.00%	116.20%	92.40%	64.50%	46.50%	71.05%	72.09%	19.10%	Yes

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2	75	MILWAUKEE YW-WORKS	3051	53.30%	111.00%	84.80%	59.90%	80.50%	91.37%	90.27%	18.10%	Yes
2	76	MILWAUKEE UMOS	2360	42.60%	116.50%	86.40%	58.00%	73.90%	90.82%	87.59%	12.40%	Yes
2	77	MILWAUKEE OIC-GM	3122	46.50%	117.00%	83.70%	57.20%	81.80%	89.62%	88.14%	11.70%	Yes
2	78	MILWAUKEE MAXIMUS	3669	48.20%	112.80%	85.50%	57.90%	74.30%	93.54%	89.17%	10.50%	Yes
2	80	MILWAUKEE EMPLOYME	6281	48.33%	113.30%	90.60%	70.20%	67.70%	95.12%	92.77%	7.30%	Yes
6	81	FORWARD SERV (FOV)	210	62.10%	117.90%	80.00%	57.30%	47.20%	94.65%	91.57%	42.50%	Yes
11	82	W-2 SOUTHWEST CONS	130	37.70%	122.30%	85.00%	68.70%	57.40%	92.62%	82.00%	13.30%	Yes
7	89	BAD RIVER W-2	17	32.60%	129.90%	93.70%	78.50%	68.20%	65.04%	57.14%	50.00%	Yes
5	92	ONEIDA TRIBE W-2	43	45.20%	113.50%	72.50%	71.70%	41.80%	72.86%	54.55%	31.20%	Yes

* Indivs = Total Participants Served by this contract agency.

Source: CRWP220, CRWP230, CRWP240, CRWP250, CRWP260 Contract To Date reports for period 1/1/00 through 09/30/01.
CRWP270 and CRWP280 Point In Time reports with an AS OF DATE of 09/30/2001.
L. Schmitt (DWD/DES 261-6733)

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State of Wisconsin
Department of Workforce Development
Division of Workforce Solutions

August 2001 CASELOAD REPORT

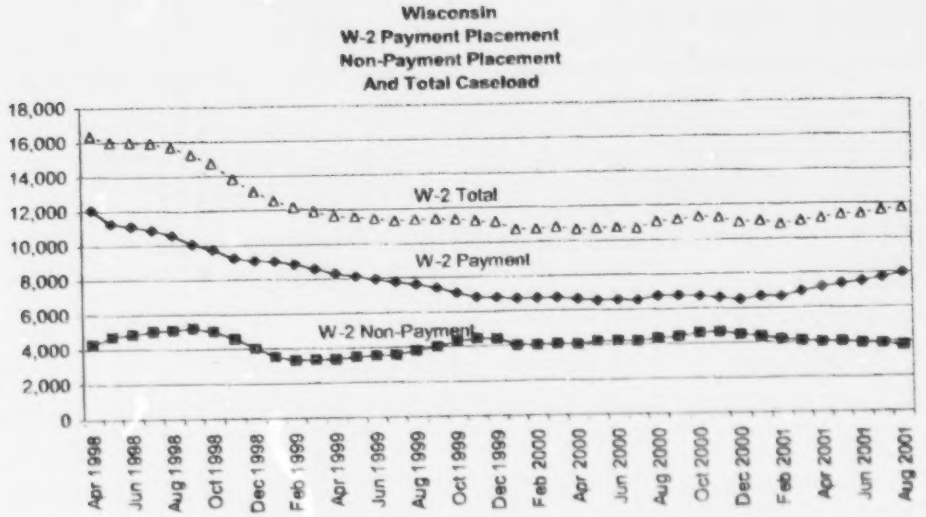
MOST RECENT AND PREVIOUS MONTHS		W2 * PAYMENT PLACEMENT	W2 NON-PAYMENT PLACEMENT	W2 TOTAL	FOOD STAMPS	CHILD CARE FAMILIES SERVED
STATEWIDE						
Current Month	Aug-01	7,960	3,765	11,725	93,226	23,987
Last Month	Jul-01	7,718	3,895	11,613	89,755	23,833
6 Months Ago	Feb-01	6,669	4,184	10,853	84,384	22,885
1 year Ago	Aug-00	6,756	4,311	11,067	79,764	19,650
2 Years Ago	Aug-99	7,597	3,776	11,373	71,928	16,335
MILWAUKEE						
Current Month	Aug-01	6,110	2,545	8,655	45,289	10,181
Last Month	Jul-01	5,881	2,680	8,561	43,338	9,945
6 Months Ago	Feb-01	5,072	3,127	8,199	40,801	9,758
1 year Ago	Aug-00	5,279	3,208	8,487	39,277	8,035
2 Years Ago	Aug-99	6,265	2,909	9,174	35,270	7,140

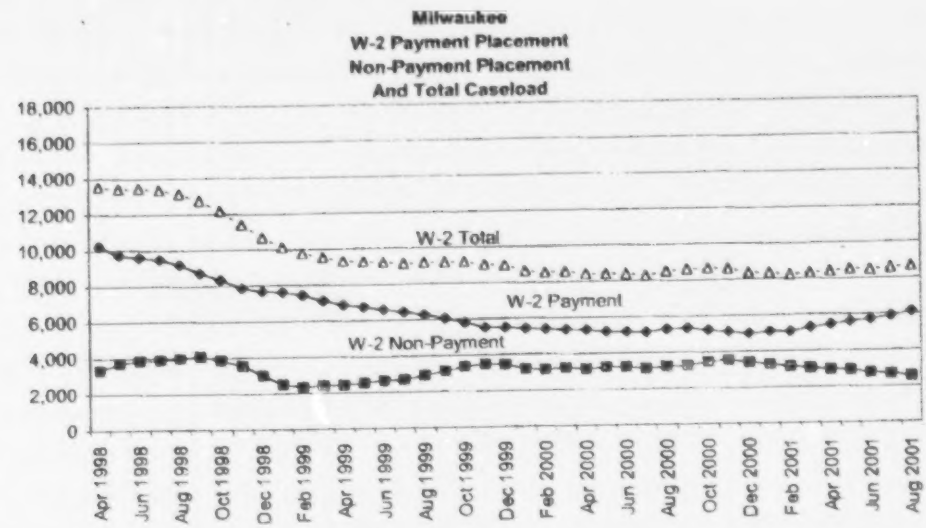
* W-2 Payment Placement cases include Trial Job, CSJ, CMC and W-2T

This report contains selected monthly caseload information for Wisconsin Works (W-2), Food Stamps (FS) and Child Care (CC) displayed in a data table and caseload trend graphs for each of the programs. Detailed monthly caseloads by county and W-2 agency for W-2, FS and CC can be accessed on the Internet site. Other information can also be found at the site. The Research and Statistics website address is:
http://www.dwd.state.wi.us/des/research_statistics/default.htm

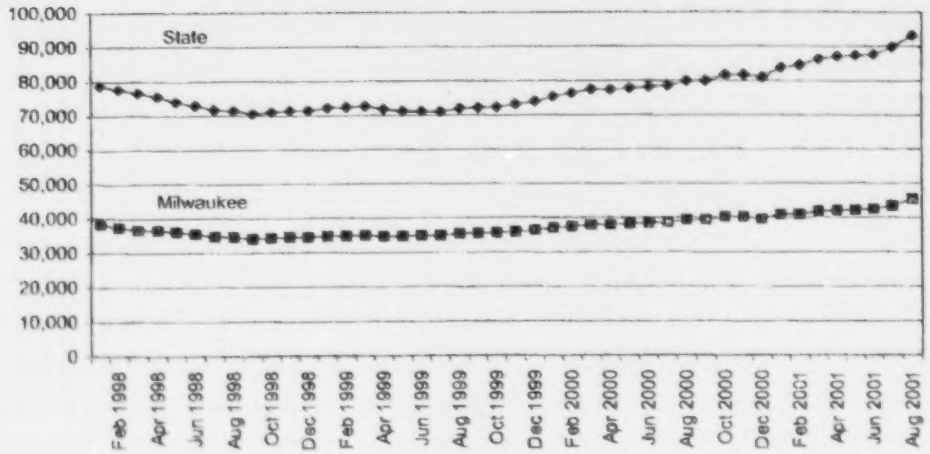
Detailed monthly counts of Medical Assistance recipients published by the Department of Health and Family Services can be accessed at their Internet site:
http://www.dhfs.state.wi.us/Medicaid1/caseload/intro.htm

Paul Saeman, R&S
BWI, Acting Director

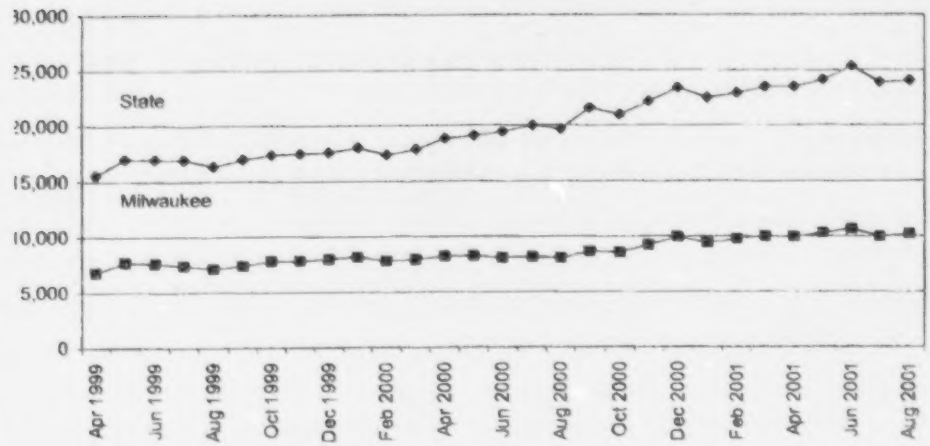

Wisconsin
W-2 Payment Placement
Non-Payment Placement
And Total Caseload
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
W-2 Total
W-2 Payment
W-2 Non-Payment
Apr 1998
Jun 1998
Aug 1998
Oct 1998
Dec 1998
Feb 1999
Apr 1999
Jun 1999
Aug 1999
Oct 1999
Dec 1999
Feb 2000
Apr 2000
Jun 2000
Aug 2000
Oct 2000
Dec 2000
Feb 2001
Apr 2001
Jun 2001
Aug 2001

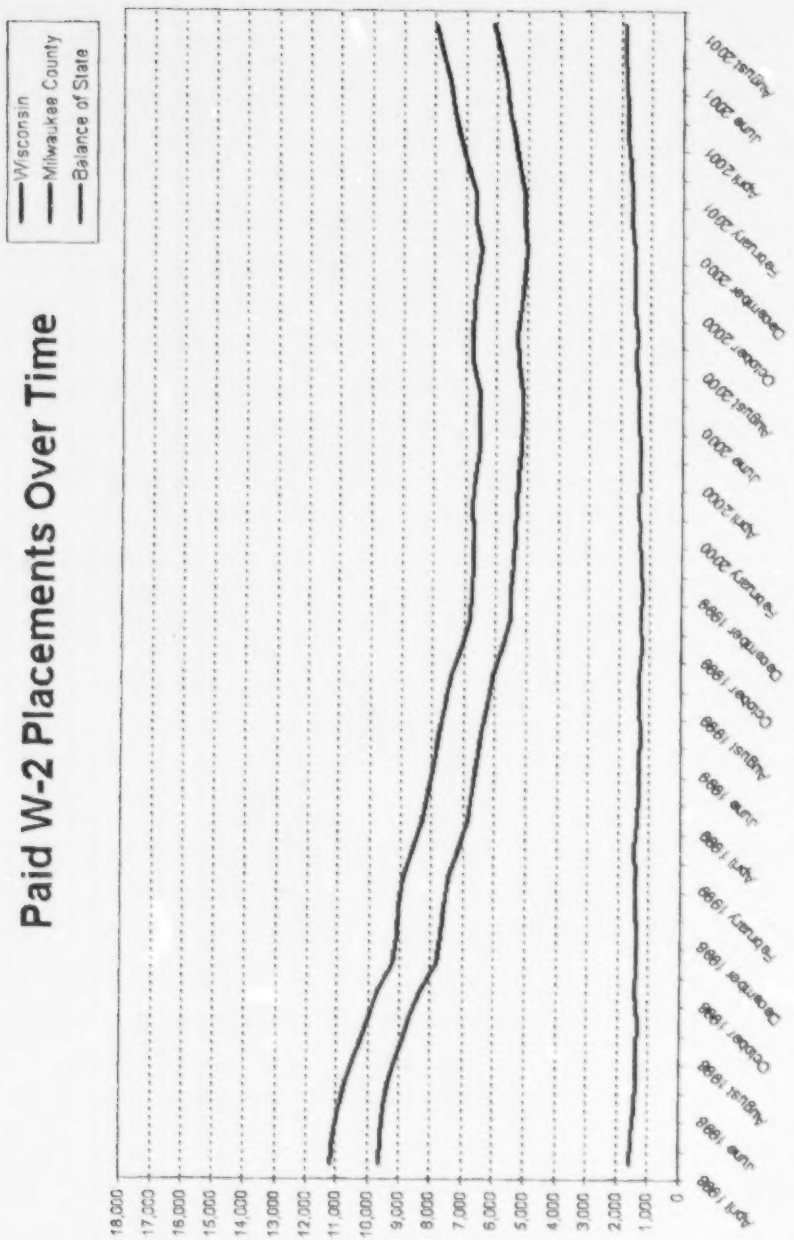

Milwaukee
W-2 Payment Placement
Non-Payment Placement
And Total Caseload
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
W-2 Total
W-2 Payment
W-2 Non-Payment
Apr 1998
Jun 1998
Aug 1998
Oct 1998
Dec 1998
Feb 1999
Apr 1999
Jun 1999
Aug 1999
Oct 1999
Dec 1999
Feb 2000
Apr 2000
Jun 2000
Aug 2000
Oct 2000
Dec 2000
Feb 2001
Apr 2001
Jun 2001
Aug 2001

Wisconsin
Food Stamp Caseload



Wisconsin
Served Child Care Families




Paid W-2 Placements Over Time
Wisconsin
Milwaukee County
Balance of State
18,000
17,000
16,000
15,000
14,000
13,000
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
July 1998
August 1998
October 1998
December 1998
February 1999
July 1999
August 1999
October 1999
December 1999
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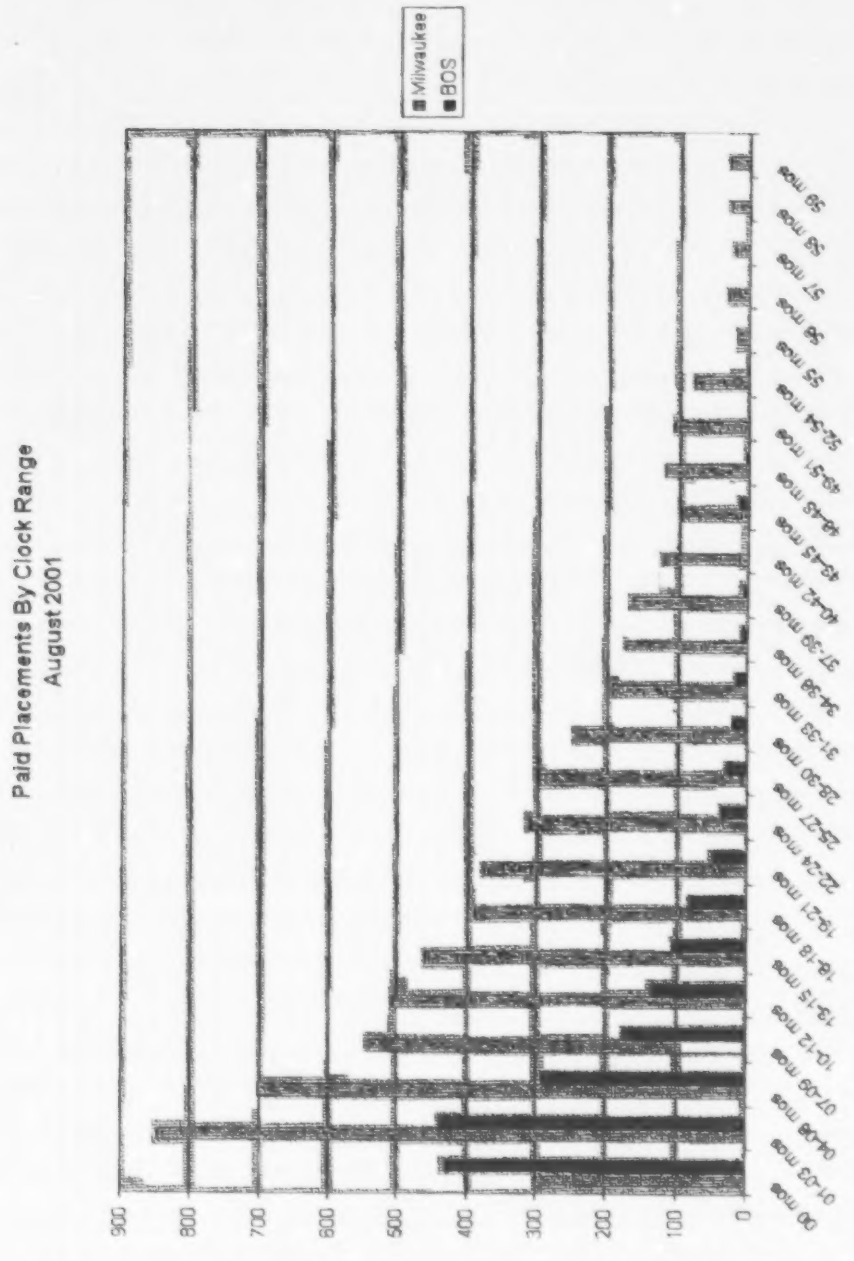
July 2000
August 2000
October 2000
December 2000
February 2001
April 2001
June 2001
August 2001



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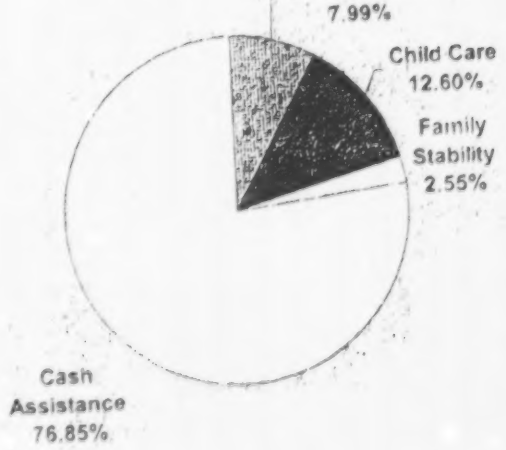
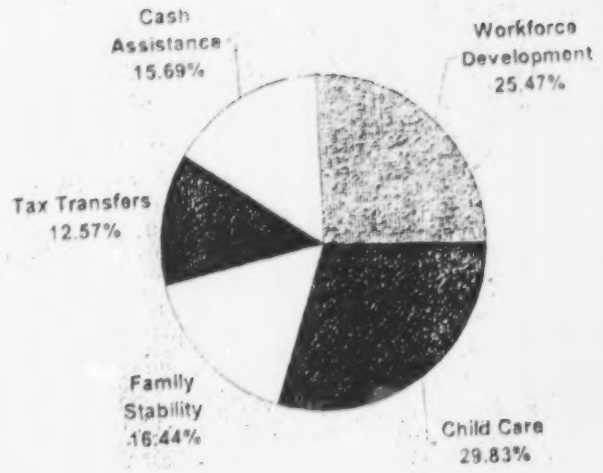
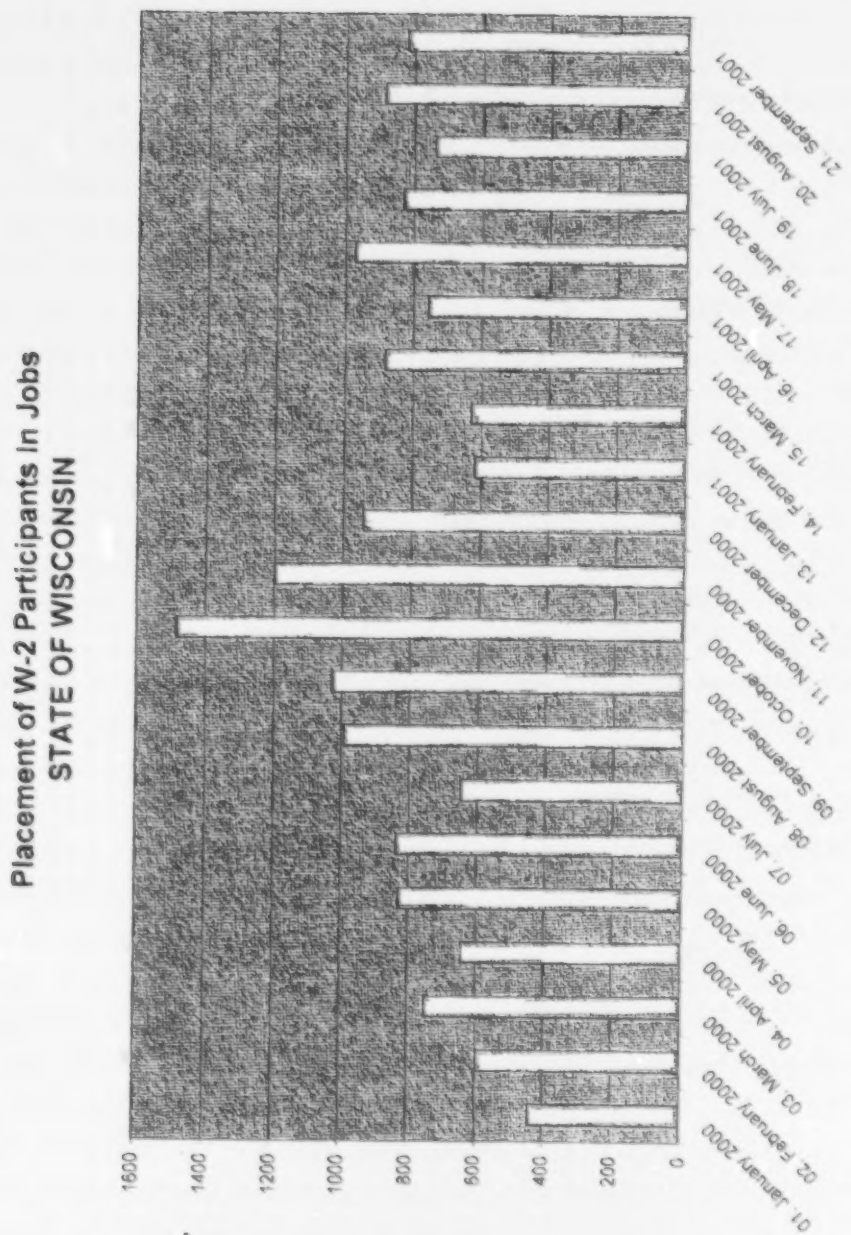
Next Phase in TANF and Post-Welfare Services

Wisconsin's Welfare Expenditures for 1996
Total Spending = $399,806,233



Wisconsin's Welfare Expenditures for 2000
Total Spending = $383,887,224




Placement of W-2 Participants In Jobs
STATE OF WISCONSIN
1600
1400
1200
1000
800
600
400
200
0
01. January 2000
02. February 2000
03. March 2000
04. April 2000
05. May 2000
06. June 2000
07. July 2000
08. August 2000
09. September 2000
10. October 2000
11. November 2000
12. December 2000
13. January 2001
14. February 2001
15. March 2001
16. April 2001
17. May 2001
18. June 2001
19. July 2001
20. August 2001
21. September 2001

APPENDIX D -- WRITTEN STATEMENT OF LaSHUNDA HALL, FORMER WISCONSIN WORKS PARTICIPANT, MILWAUKEE, WISCONSIN

Welfare Reform: Success in Moving Toward Work
Testimony of Lashunda Hall
Wisconsin Works Participant
Opportunities Industrialization Center of Greater Milwaukee
October 16, 2001

Good Morning,

My name is LaShunda Hall. I am the single parent of two children, ages 4 years & 10 months.

I come before you today representing the hundreds of women and men who have received help through the Wisconsin Works program in Milwaukee known as W2. I stand as a positive example of those who have realized success by participating in this life-changing TANF funded program. Through TANF funding, many of us have benefited from such programs as, basic skills education, High School and GED, Life-Skills training's, Community Service Jobs, On-the Job training's and much more. We have benefited from temporarily assistance with supportive services for: Childcare, Transportation, food shelter and clothing. With this help, we have gone on to become productive employees of America's workforce.

Thanks to the W2 program, I can come before you this morning and honestly say that I am happy with my life. Today, I am earning an honest living, providing daily for my children and me. Unfortunately, my life was not always this way. In fact, it was not long ago that I thought about escaping life permanently.

It seems that my life has been filled with abuse. It seemed as if I had a permanent recording in my mind which repeatedly stated "you'll never amount to anything", "you're a mistake", "I wish you hadn't been born". During my adolescent years, the negative recordings were permanently in my head. To escape the horrors of home, I began to drink alcohol, a deadly habit I copied from my mother and other family members. My sporadic periods of drug escapades (which I swore were under control) soon developed into an expensive daily habit. As the abuse became more intense, life became more unbearable at home. In an attempt to keep my sanity I was forced to move away from home. I was convinced that this move would help me get my high school diploma. I couldn't have been more wrong. Like a magnet, I was drawn to the wrong crowd. Drugs and alcohol were now even more common in my life. My self-esteem was lower than ever before and I was suffering from severe depression.

Welfare Reform: Success in Moving Toward Work
Testimony of Lashunda Hall
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October 16, 2001

I realized that I needed to start making the right choices, but what does an abused adolescent know about "the right choices", especially if they received no guidance from home? I realized that a full-time job and a good education were my only way out of this living nightmare.

I was angry at the world and unable to face myself in the mirror. Carrying a load of displaced anger and frustration, I turned to other people. Because of bad choices, I became involved in several unhealthy relationships. Pregnant and fearing for my life, my children and I fled my abusive partner's home and took refuge in a shelter. There I was all alone, four pregnancies and two children later(two ended early--one as a miscarriage and one abortion). I kept trying to weigh the worse scenario, enduring the mental and physical abuse at home, or allowing these men to endanger my life and the lives of my children. Both were too horrible to imagine.

As life went on, I continued to search desperately for an opportunity to turn my life around. I now had 2 babies to think about. I'd heard of Opportunities Industrialization Center of Greater Milwaukee's (OIC-GM's) Wisconsin Works (W2) program and how they specialized in helping to successfully transition the lives of many women in my community. I'd also heard that through OIC's W2 program, many women went from a life of sitting at home, watching TV, and getting a monthly welfare check to earning a paycheck through employment. These women started out just like me: little or no job skills, no education, low-self esteem and no hope for their future. Somehow, OIC's W2 program was able to prepare these women to become attached and advance in Wisconsin's workforce. OIC's W2 program empowered them by teaching solid skills such as; high school diplomas, GEDs, job skills training and REAL jobs.

With other women's success stories in mind, I began my experience with OIC- GM's W2 program. I attended a four-week training and motivational program called the Keys-To-Life Academy, hoping and praying that they could help me achieve the same success.
As I attended the Keys-To-Life, I was assigned a Case manager who gave me the support and guidance I desperately needed. My Case manager and I agreed to a regular schedule of meetings. During these meetings, she helped me develop a plan for my life. As we worked on my plan it became clear to me that we were simply making a road map to meet my desired goals

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and if I followed it, I would be successful. My life plan included; getting a job, obtaining my high school education, and developing my career goals. My Case manager didn't judge me but instead, accepted me for who I really was: a young, inexperienced, physically, mentally abused woman with 2 babies, no high school education, no self-esteem and a hopeless outlook on life. We immediately began to work together to turn my attitude around and despite many mistakes (and my attitude) she treated me with dignity and respect. She taught me how to make good, healthy choices which made me feel independent.

That was the first time that I truly felt a sense of control over my own life. My Case manager helped me build my own bridge of support. My success was now up to me! We set realistic goals for my education and set objectives for my career development. She held me accountable for participating in the program and directed me to OIC's supportive services and community resources when I really needed it most. I was learning the real meaning of responsibility and accountability.

The lessons I learned in the Keys-To-Life continue to serve me well today. It was there that I realized that I was not the only one that had experienced difficulties in life. No matter how bad the stories were and how negative the attitudes, our instructor hung in there with us. To me, she was more than our instructor, she was our friend. When we graduated, we all felt that we were empowered to manage life's biggest challenges. We now knew how to pursue employment and education opportunities, evaluate options and make the best choices for our lives. Although none of my family members attended my Keys-To-Life graduation, I was not disappointed. In fact, it turned out to be one of the most exciting days of my life. My classmates and my instructor realized my hard work and positive change in my esteem. Upon graduation, I was awarded the class title of Miss "Self-Esteem"! Apparently they'd seen something in me that I didn't even see in myself...growth.

After my experience with The Keys-to-Life, I felt I was able to face just about anything! I'd finally gained a level of confidence. That experience taught me the value of surrounding myself with positive people. As I began to gradually loose contact with my fellow graduates, I began to realize the value of bonding with positive people. I had heard that a group of positive

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women called 'The Women of Change' assembled regularly at a community center located very close to my home. The Women of Change met regularly to receive motivation, emotional support and guidance for career development as they progressed through their W2 experience.

I was determined to find a job and achieve my high school education. I began my GED courses while aggressively seeking employment. I finally got a job, but after a short time I was terminated. Although it was a severe blow to my self-esteem, I didn't allow it to knock me out. Thanks to the training I received through the Keys-to-life program, I was able to weather that storm.

Fortunately, the clouds in that storm had a silver lining. My Case manager and I reviewed my mistakes. She helped me regain the courage I needed to continue my GED studies and aggressively pursue my next job....My dream job as an Administrative Assistant!

Now it was all coming together. It was the combination of my office skills training, the lessons learned in the Keys-to-life and the support from my Case manager that enabled me to obtain my GED and my dream job as an Administrative Assistant with my current employer, V.E. Carter Development Center.

Today, I am proud to say that I have accomplished each of the goals I set when I started the W2 program. My job skills and education make me a solid, valuable employee of America's workforce. I am currently employed on a full-time job, which offers my children and me health and medical benefits. I have my GED, a certificate-of-completion from OIC's office skills training program, and a 1-year certificate of completion from a local business training institute. I am also very proud to inform you of my recent endeavor. I am currently enrolled in a 4-year accredited college degree program, pursuing my Bachelors of Science degree in Criminal Justice.

I now stand as an example to my children of what dedication and determination can do. I am a living example for them that OIC-GM's W2 program did exact what it was designed to do, it broke the cycle of poverty and offered temporary assistance to a needy family. For me, the program saved my life by building a bridge of support from a present failure to a bright future.

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I urge you to continue TANF funding for these life-changing programs. As we meet here today, many families in Wisconsin and across the nation are participating in TANF programs, hoping and striving for a successful outcome similar to mine.

APPENDIX E – WRITTEN STATEMENT OF RODNEY CARROLL, PRESIDENT AND CEO, THE WELFARE TO WORK PARTNERSHIP, WASHINGTON, D.C.

The Welfare to Work
PARTNERSHIP

"Welfare to work is the perfect example of how two supposedly diametrically opposed goals of business – making money and being socially responsible – can intersect in a meaningful way."
– Jonathan Tisch, President and CEO, Loews Hotels
Vice Chairman, The Welfare to Work Partnership

Good morning, Congressman McKeon and members of the Subcommittee on 21st Century Competitiveness. I thank you all for inviting me to testify about the business perspective on welfare reform and the reauthorization of the Temporary Assistance for Needy Families (TANF) program.

It is a rare moment when a vexing social problem and a compelling business need align to create positive change. Such an opportunity presented itself in 1996, when Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act, reversing six decades of welfare policy. The new law created a historic challenge for the business community to hire those who would be leaving the welfare rolls in large numbers. And, fortuitously, it created an unprecedented chance for employers to fill their payrolls with new workers, just as a booming economy was making that job more difficult than ever.

As you well know, welfare caseloads have plummeted by half since 1996, and the majority of adults who are now off the welfare rolls have gone to work. In May of 1997, The Welfare to Work Partnership was created by five corporations – United Airlines, Burger King, Monsanto, Sprint, and UPS – to educate and encourage other employers to consider hiring this new pool of workers. More than 20,000 employers have answered our challenge and committed to hire and retain former welfare recipients. We estimate that these companies have hired 1.1

million new workers from the public assistance rolls – mainly for good, full-time jobs offering medical benefits.

The Partnership takes great pride in the progress our employers have made. Still, we are quick to acknowledge that the job of ending a failed welfare system is far from complete. Important challenges lie ahead. More than two million families remain dependent on the federal TANF program and, as employers, we are well aware that many of them face the most difficult barriers on their road to work. We also know that too many individuals who have left the rolls eventually return. In light of the recent economic downturn and especially the effects of September 11th, we are painfully aware that many former welfare recipients are vulnerable to layoffs and job loss. And an ongoing challenge is in supporting large numbers of our fellow Americans who have "done right" by their families and worked hard to leave welfare, only to find themselves struggling to make ends meet. As a nation, we owe these individuals more; together, we can do more to help them achieve lasting independence.

To move the agenda forward in pursuit of these goals, we offer a series of policy recommendations to you and your colleagues in Congress. The Partnership and our Business Partners believe that only by working together – with neither partisan nor ideological differences – can we complete the ambitious agenda of welfare reform. Our recommendations include the following:

- **Reauthorize the 1996 welfare law and hold the line on funding to assist those still in need.** When Congress revisits the 1996 law, it should not reduce TANF block grant funding despite large declines in welfare cases. The nation's investment should be sustained to help states tackle the difficult barriers faced by the "hardest to serve" recipients remaining on the rolls, by those who have already left welfare, and especially by those who have been hardest hit by the nation's recent economic troubles. States, for their part, should move expeditiously to spend their TANF allocations on services most vital to welfare recipients

and to all low-wage workers. Any effort by states to use TANF money for other purposes should be strongly discouraged.

- **Do more to prepare welfare recipients for long-term success before their first day of work.** Lawmakers should also find a better balance between the strict "work first" philosophy at the core of the 1996 law and more intensive efforts to prepare welfare recipients for reliable and better-paying jobs. While The Partnership's companies believe most recipients *should* be required to work and are eager to employ these new workers, many have come to see the practical limitations of a program that, in some cases, pushes recipients into jobs before they are prepared to succeed in them.
- **Help us address the biggest obstacles to work – child care and transportation – and to maximize small business involvement in welfare to work.** Lawmakers should sustain or, ideally, increase resources for a range of programs that help former welfare recipients stay on the job. Partnership companies call for increased emphasis on child care and transportation aid, as they are consistently the two biggest challenges facing new workers. We also ask for help by government bodies and other employers to ensure that small businesses – the engine of job growth in America – can successfully hire disadvantaged workers.
- **Relax strict time limits on welfare for people working at least part time.** Congress should seriously consider changing the 1996 law to "stop the clock" on welfare benefits for individuals who are *working* but earning so little money that they continue to receive a partial wage supplement. In one survey, nearly two thirds of Partnership employers supported loosening the time limits.
- **Do more to "make work pay" for employees leaving the welfare rolls.** Congress, state and local lawmakers, and service providers must maximize a range of supports that help former recipients keep their jobs and leave welfare behind for good. Partnership companies

call on Congress to increase the Earned Income Tax Credit for low-wage workers, and on states to enact such refundable credits of their own. We also urge stakeholders to aggressively promote valuable work supports like Medicaid, the Children's Health Insurance Program and food stamps for all families who need extra support on the road to permanent self-sufficiency.

These recommendations and others are included in a report we issued last summer called *The Bottom Line for Better Lives*. In this document, The Partnership and its business leaders share other recommendations with those in a position to affect change, including strategies to streamline the workforce and training systems, to reach out to the fathers of children on welfare, and to build on the progress to date with efforts to assist millions of other disadvantaged Americans in need of decent jobs.

❖

Like the rest of the nation, The Partnership has been understandably concerned about the prospects for continued employment for former welfare recipients and other disadvantaged jobseekers. In an effort to better understand our members' hiring needs in these turbulent economic times, The Partnership conducted a brief, 48-hour internal survey. We represent a large cross-section of businesses from different industry sectors and states. We realized that many were affected by the events of September 11th and have been forced to scale-down their workforce. But all sectors of industry were not equally affected. In this survey, we found that **nearly two-*thirds of our businesses report a continued need for entry-level workers***. And, the majority has not had to layoff their welfare to work hires, a concern expressed by many in anticipation of a recession.

Our field offices in Chicago, Los Angeles, Miami, New Orleans, and New York – where we work directly with Business Partners to place and retain new workers – report that demand for entry level employees has not ceased. While the situation is more dire in the tourism and

service sectors and should warrant our utmost concern, this continuing need for workers is welcome news.

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In the process of building their business with dedicated and reliable workers, employers across the nation are helping hundreds of thousands of Americans transition from dependence to independence. These new workers, in turn, are gaining valuable skills and experience they never had before. Welfare to work has helped – and will continue to help – countless Americans be productive citizens, provide for their families, and be role models for their children.

There are two unanticipated benefits of the welfare to work initiative. First, it has generated deep support in the American business community. Second, it has increased the likelihood that the lessons we have learned in moving welfare recipients toward productive lives can be applied to many other groups of citizens – like ex-offenders, non-custodial parents and people with disabilities – who have lived too long in the shadows of the American dream. With the help of wise policy makers and committed service providers, we can open the doors of opportunity to millions more of our fellow citizens.

Mr. Chairman and other members of the subcommittee, I thank you for your time today, and would be happy to answer any questions.

For a full copy of **The Bottom Line for Better Lives**, please visit The Partnership's Web site at www.welfaretowork.org and click on "What's New."

APPENDIX F -- WRITTEN STATEMENT OF MARTHA DAVIS, LEGAL DIRECTOR, NOW-LDEF, NEW YORK, NEW YORK

AND EDUCATION FUND 1522 K STREET, NW, SUITE 550, WASHINGTON, DC 20005 (202) 326-0040 FAX (202) 589-0511

TESTIMONY OF NOW LEGAL DEFENSE AND EDUCATION FUND ON "WELFARE REFORM: SUCCESS IN MOVING TOWARD WORK"

SUBMITTED TO THE UNITED STATES HOUSE 21ST CENTURY COMPETITIVENESS SUBCOMMITTEE OF THE EDUCATION AND THE WORKFORCE COMMITTEE

Hearing on "Welfare Reform: Success in Moving Toward Work" held on October 16, 2001

Martha Davis
Legal Director

Sherry Leiwant
Senior Staff Attorney

Yolanda Wu
Senior Staff Attorney

NOW Legal Defense and Education Fund

Introduction

Thank you for the opportunity to testify today. The NOW Legal Defense and Education Fund has been working for more than thirty years to define and defend women's rights. One of our major goals is to eliminate barriers that deny women economic opportunities by addressing welfare reform issues from the perspective of ending women's poverty. To this end, we have convened the Building Opportunities Beyond Welfare Reform Coalition (BOB Coalition), a national network of local, state, and national groups, including representatives of women's rights, civil rights, anti-poverty, anti-violence, religious and professional organizations, to analyze the impacts of welfare reform and to develop more effective policy approaches. Based on both research results and first-hand experience, our coalition believes that changes in the 1996 law are necessary to insure that families are able to leave poverty.

While welfare caseloads have declined around the country, poverty has actually deepened for many. More than 40 percent of former welfare recipients continue to live below the poverty line. (Urban Institute, "How Are Families That Left Welfare Doing? A Comparison of Early and Recent Welfare Leavers (2001)). In addition, the disposable incomes of the lowest fifth of families headed by women have declined since 1995. (Center on Budget Policy Priorities, "The Initial Impacts of Welfare Reform on the Incomes of Single-Mother Families" (Aug. 1999)).

About 25 percent of former welfare recipients have no paid employment and have either no partner or a partner who is unemployed. Of the 64 percent of former recipients who are employed, their median hourly wage is a mere $7.15, and many did not receive that hourly rate on a full-time basis. (Urban Institute, "How Are Families That Left Welfare Doing? A Comparison of Early and Recent Welfare Leavers (2001)). A GAO report on welfare recipients in seven states found that most former recipients found jobs in low-wage occupations such as

restaurant and retail sales. Their average hourly wage ranges from $5.67 in Tennessee to $8.09 in Washington state. (General Accounting Office, "Welfare Reform: Information on Former Recipients' Status." GAO-HEHS-99-48 (Apr. 1999)). Because welfare leavers lack the necessary skills to progress beyond the low wage market into jobs that pay a living wage, in the wake of welfare reform such workers are likely to experience little wage growth. (U.S. Dep't of Health & Human Serv. "The Low-Wage Labor Market: Challenges and Opportunities for Economic Self-Sufficiency," Kaye & Nightingale, eds. (2000)).

These numbers take a human toll. A recent analysis of welfare-to-work programs shows that children's well-being is tied to their parent's income, as opposed to employment rates. In fact, several welfare programs that increased employment without lifting income were found to do more harm than good for children. (Children's Defense Fund, "How Children Fare in Welfare Experiments Appears to Hinge on Income" (Aug. 22, 2001)).

So far, states have been able to meet TANF's work participation requirements. But they did so during a period of unprecedented economic expansion. Declining caseloads and an expanding economy are almost certainly a thing of the past. There can be no doubt that the economic uncertainty wrought by the September 11th terrorist attacks and the deepening recession put our nation's poor in an even more precarious position, and will make it more difficult for states to meet their mandatory work participation requirements. As more workers are laid off, welfare recipients will increasingly be competing with more experienced and highly educated workers for scarce jobs. Under the circumstances, perpetuating Federal restrictions on education and training activities will hinder states from making the most effective decisions to promote long-term economic stability for their welfare caseload.

THE CASE FOR EDUCATION AND TRAINING

Both research and real-life experience underscore the importance of education and training in helping welfare recipients attain economic self-sufficiency. When TANF was enacted in 1996, the strong desire to make it a "work first" program led Congress to place limits on states' ability to include education and training in their welfare programs. TANF specifically prohibits states from counting higher education as an allowable work activity, imposes a 12 month limit on participation in vocational education, and prohibits states from having more than 20% of their TANF work participants in secondary school or vocational education. 42 U.S.C. § 607(d). What we have learned over the past few years about the welfare caseload, about successful work programs and about the need for more emphasis on poverty reduction makes it clear that the original restrictions on education and training are too extreme and that a correction is necessary in order to free states to address the needs of poor families and help them achieve self sufficiency.

Experience under TANF and current research demonstrates that welfare programs that include education and training as part of a spectrum of activities can produce more positive and longer-lasting effects on earnings than programs that provide only job search assistance. Studies indicate that the most effective welfare to work programs have had a flexible, balanced approach that offers a mix of job search, education, training and work activities and tailors those activities both to the needs and abilities of individual recipients and to the opportunities in the local job market. (W.K. Kellogg Foundation, "Workforce Development: Employment Retention and Advancement Under TANF" (Sept. 2001); Stephen Freedman, " Evaluating Alternative Welfare-to-Work Approaches: Two Year Impacts for Eleven Programs (U.S. Department of Health and Human Services and U. S. Department of Education (2000); Marie Cohen, "Education and Training Under Welfare Reform" (Welfare Information Network, 1998); Center on Law &

Social Policy, "Beyond Job Search or Basic Education: Rethinking the Role of Skills in Welfare Reform" (1998)).

Because education and training programs can help move women into better jobs and can help remove barriers to long-term employment, Federal law provisions which currently prevent or discourage states from including education and training in their welfare programs should be removed. Indeed, states should be encouraged to include individualized assessment, analysis of local job availability and education and training in their TANF work programs. The TANF Reauthorization Act of 2001 (H.R. 3113) would remove the arbitrary 12 month limit on training and the 20 percent limit on training or educational activities. It would also make it clear that education, including ESL, GED and higher education, are work activities.

Post-High School and Post-Secondary Education: If our goal is to reduce poverty for our nation's most vulnerable families, the next round of welfare reform must concentrate on insuring that women have jobs that pay them enough to support their families. Including education and training as part of the welfare program will help with both of these goals. Research suggests that gaining a college degree is an effective way of increasing an individual's employment and earnings. Data show that people with a college education earn substantially more than those who have not attended college. Usir.g the National Longitudinal Survey and attempting to control for differences between those who did and did not enter college, Thomas Kane and Cecilia Rouse estimated that hourly earnings increase by approximately 19% to 23% for women earning an Associate's degree and 28% to 33% for those earning a Bachelor's degree. Research indicates that post-high school education or training is also strongly linked to subsequent higher wages. (W.K. Kellogg Foundation, "Workforce Development: Employment

Retention and Advancement Under TANF" (Sept. 2001)). Significantly, starting off in a higher paying job is linked to both greater employment retention and job advancement. (Id.)

Despite the positive effects of education, following enactment of TANF, many states restricted access to education and training for TANF recipients in order to be consistent with Federal requirements. In some states, stand-alone college education was permitted only to students who had begun their studies before the implementation of welfare reform. An additional 15 states provided support services for school attendance for TANF recipients who attended school on their own time after complying with work requirements. Out of 15 states that responded to an informal survey by the American Association of Community Colleges, two responded that their state welfare agencies were not counting work-study assignments as TANF work activities. There have been large drops in the number of students on welfare at several campuses and community college systems.

Despite Federal restrictions, some states have successfully experimented with post-secondary education components to their welfare programs. In part, states could do this because a strong economy insured they would meet work participation requirements under TANF even if portions of their caseload were participating in educational activities that would not count as work activities under Federal standards. For example, Maine created a separate program to enable up to 2,000 students to receive aid without being subject to TANF participation requirements and time limits. Students meeting certain requirements receive benefits equivalent to the cash aid, medical coverage, transitional benefits, and other services they would have received had they become TANF recipients, but can remain in school without penalty. In Wyoming a small student aid program, funded through state maintenance-of-effort funds is available instead of a TANF grant to recipients who have completed an employment assessment,

meet income and resources eligibility requirements, and are full-time students in an approved program.

In addition, several states are promoting job retention and advancement by helping former TANF recipients continue their education to help with. Florida pays the costs of education, training and necessary support services for up to two years for anyone who leaves TANF for employment and wants to obtain further education and training. Utah pays for up to 24 months of education, training and needed support services for those who leave TANF.

States' successful experimentation with allowing post-secondary education as a component of welfare reform should be encouraged in any Federal reauthorization of the TANF program. In light of the worsening economy, states may not feel they can afford the luxury of including education and training programs if they will not count toward Federal work participation goals. It is therefore essential that a reauthorized TANF eliminate restrictions on educational components in state programs.

Basic education: A large proportion of welfare recipients have very low educational and skill levels. One study of a nationally representative sample of single welfare mothers found that 64 percent lacked high school diplomas. (Institute for Women's Policy Research, "Welfare That Works: The Working Lives of AFDC Recipients" (1995); Marie Cohen, "Education and Training Under Welfare Reform," Welfare Information Network Issue Note 2 (2) (Mar. 1998); Urban Institute, "Work-Related Activities and Limitations of Current Welfare Recipients," (1999)). Welfare recipients ages seventeen through twenty-one read, on average, at the sixth grade level. (National Center for Family Literacy, "Facts and Figures," (1997)). Lack of literacy and basic education translates into less access to entry level jobs in most fields and poor pay when jobs are found. The National Institute for Literacy finds that workers who lack a high

school diploma earn a mean monthly income of $452 as compared to $1829 for those with a bachelor's degree. (National Institute for Literacy, "Facts on Literacy" (1996)).

Just as having basic skills increases the likelihood of job advancement, lack of basic education can be a major barrier to sustained employment. In addition, low literacy and low educational attainment can indicate learning issues that may need to be addressed. Studies in Washington state, for example, revealed that 35% of the caseload in two counties were learning disabled.

Many states are screening for low literacy and possible learning issues and are piloting projects to use curriculums designed for low level readers to increase their literacy skills. Washington, Kansas and Missouri have undertaken pilot projects to screen for learning disabilities and refer to appropriate vocational and educational services. Tennessee, Oregon, Kansas and New Hampshire have special projects to screen and refer recipients to educational programs designed to raise their specific reading skills using techniques geared to individual learning needs with an eye to what skills are needed for employment. (National Governor's Association, Issue Brief, "Serving Welfare Recipients with Learning Disabilities in a Work First Environment (July 28, 1998)). Family literacy programs have also been used in a number of states to increase literacy for parents on welfare. These programs educate both children and parents and focus on the importance of literacy for all members of the family. Research indicates that these programs have been successful in both raising literacy and increasing job placement and retention. (National Governor's Association, Issue Brief, "States Can Use Family Literacy Programs to Support Welfare Reform Goals (June 4, 1998)).

It is important that states screen for barriers to employment such as low literacy and learning disabilities and be allowed, indeed encouraged, to offer innovative basic education programs.

Job Skills Training: Job skills training can and should play a critical role in assisting welfare recipients in attaining economic self-sufficiency, even within the "work first" framework. Studies have shown that although welfare-to-work programs that promote rapid labor force attachment increase earnings and work hours for participants, the most persistent rise in earnings are found in programs that emphasize human capital development, i.e,. investment in education and training. Importantly, education and training are more effective strategies for increasing self-sufficiency over time. (Manpower Demonstration Research Corp., "Work First: How to Implement and Employment-Focused Approach to Welfare Reform" (1997)). One study analyzing the cost effectiveness of Job Training Partnership Act funded job training programs found that for low-skill welfare recipients, job search assistance alone produced little or no benefits while more intensive skill-building training was the most cost-effective in the long term. (Joint Center for Poverty Research Working Paper #3, "Aiding Welfare-to-Work Transitions: Lessons from JTPA on the Cost Effectiveness of Education and Training Services" (1998)). Another study also confirms that although job search can increase employment in the short term, it has no long term effect on employment or earnings. (Center on Law and Social Policy, "Beyond Job Search or Basic Education: Rethinking the Role of Skills in Welfare Reform" (1998)).

The research analyzing job training programs suggests a number of "best practices." First, job training programs should target high quality jobs. Such programs gather information about the local living wage, high-wage growth industries, and the skills and interests of potential

job seekers. Training women for occupations typically filled by men is one important example of such a "best practice." Many jobs, in which women are poorly represented, such as jobs in the skilled trades, technology, law enforcement and the computer industry, to name just a few examples, pay good wages with benefits and provide opportunities for career advancement. Numerous studies have documented the success of nontraditional job training programs in placing women in higher paying jobs. For example, a study by Wider Opportunities for Women found that women who received training for nontraditional jobs earned between $8 and $9 an hour. (Spalter-Roth *et al.*, "Welfare That Works: The Working Lives of AFDC Recipients, A Report to the Ford Foundation" (1995)). By contrast, in 1997 the average welfare recipient moving from welfare to work earned between $5.60 and $6.60 an hour. (U.S. General Accounting Office, "Welfare Reform: States and Restructuring Programs to Reduce Welfare Dependence," 107 (June 1998)). Not only do nontraditional jobs provide higher entry-level wages, but they also provide career ladders to higher wages. For instance, an operating engineer could start by earning $9 per hour and eventually earn $24 per hour. (Wider Opportunities for Women, Women and Nontraditional Work (June 1998) (*citing* U.S. Dep't of Labor, Bureau of Labor Statistics, and the U.S. General Accounting Office)). Nontraditional jobs also provide women with increased access to a full range of benefits, such as health, family leave, sick leave, retirement plans, and paid vacation. Finally, nontraditional jobs can provide women with tremendous job satisfaction. Women in nontraditional jobs may gain confidence in performing physical labor and take pride in learning new and technical skills.

Sectoral initiatives are another "best practice." Sectoral employment programs target an occupation within an industry and then intervene to assist low-income people in obtaining such jobs with the eventual goal of systemically changing the occupation's labor market. This

approach benefits low-income people, who are trained to meet existing needs, as well as the community, which can meet the demands of the labor market with trained workers.

Another "best practice" is to focus on long term job retention and career advancement instead of job placement. Post-employment training can be an excellent way to support people who have jobs but who have not attained self-sufficiency. One encouraging sign is that a number of welfare-to-work grantees have developed innovative post-employment education and training. (Urban Institute, "The Status of the Welfare-to-Work (WtW) Grants Program After One Year" (Sept. 1999)).

Finally, an important "best practice" is for job training programs to address barriers to self-sufficiency. Many recipients left on the rolls struggle with multiple and severe barriers to employment and self-sufficiency. Over half of women receiving welfare have been victims of domestic violence as adults. According to several studies, a quarter to a third of welfare recipients report having been abused within the last year. Abusive partners often interfere with women's attempts to work or to obtain education. Jody Raphael, "Trapped by Poverty, Trapped by Abuse" (Taylor Institute, 1997); Eleanor Lyon, "Poverty, Welfare and Battered Women: What Does the Research Tell Us?" (Department of Health and Human Services, Welfare and Domestic Violence Technical Assistance Initiative, 1998) Thirty-five percent of low-income families reported having poor mental health through measurement of anxiety, depression, loss of emotional control, and psychological well-being. (Urban Institute, "Work Activity and Obstacles to Work Among TANF Recipients," (1999)). Similar rates have been found among welfare recipients. (Sandra Danziger "Barriers to the Employment of Welfare Recipients," Ann Arbor, MI: University of Michigan, Poverty Research and Training Center, School of Social

Work (2000)). Lack of child care and transportation are also significant barriers to economic sufficiency. Job training programs that address these barriers have the best chance of success.

Conclusion

The widespread "work first" approach calls for recipients to take the first available job, regardless of skills or work experience. But research shows that a "one size fits all" approach neither serves the recipient nor the public policy goal of increasing self-sufficiency. The most effective education and training programs must provide flexible, customized training for a diverse population. The range of services should include basic/remedial education, soft and hard skills training, on-the-job training, and should address multiple barriers to economic-self-sufficiency faced by welfare recipients.

APPENDIX G -- WRITTEN STATEMENT OF JENNIFER BROOKS, DIRECTOR, SELF-SUFFICIENCY PROGRAMS AND POLICY, WIDER OPPORTUNITIES FOR WOMEN, WASHINGTON, D.C.

Testimony of Jennifer Brooks, Director of Self-Sufficiency Programs & Policy

Wider Opportunities for Women

815 15th Street, NW, Suite 916, Washington, DC 20005

Before the Subcommittee on 21st Century Competitiveness,

Committee on Education and the Workforce

U.S. House of Representatives

"Welfare Reform: Success in Moving Toward Work"

October 16, 2001

Mr. Chairman and Members of the Subcommittee:

Thank you very much for inviting me to testify today. I am honored to be here.

Wider Opportunities for Women (WOW) is a non-profit organization that works at the local, state and national levels to help women and girls achieve economic independence and equality of opportunity. For more than 37 years, WOW has focused on literacy, technical and nontraditional skills, the welfare-to-work transition and career development.

My testimony will focus on what we know about the incomes of individuals making the transition from welfare to work; what families need to meet their basic needs; and the importance of skill-building opportunities for these individuals so that they may start down the path of economic independence.

I will start with what we know about people leaving welfare:

- **There has been an unprecedented decrease in the number of families currently on welfare.**
- **Most welfare leavers have entered employment** (about three in five[1]).
- **Average wages have been low** (about $7 to $8/hour[2]). Based on an average work week of 30-35 hours, these hourly wages yield earnings of roughly $900-$1,200 per month, which is approximately 75-100% of the poverty line for a family of three.
- **Most have not worked steadily** – resulting in average annual earnings that are considerably less than the hourly or monthly numbers suggested above.[3]
- **Many welfare leavers face significant material hardships.** Thirty-six percent of families have gone without meals, 2.5 million individuals have gone to food pantries, and one in 10 families have lost their housing and become homeless due to the loss of Temporary Assistance for Needy Families (TANF) benefits.[4]
- **A substantial percentage of welfare leavers have returned to welfare within the first year**, ranging from 18 percent in San Mateo County, CA to 35 percent in Cuyahoga County, OH.[5]

What we do not know about welfare leavers:

- **How families are faring off when work-related expenses** (e.g., child care and taxes) **are added and other work supports** (e.g., Food Stamps, SCHIP) **are included in the calculation.** The poverty measure does not distinguish between families with adults in the workforce, and those with no working adults, nor does it account for receipt of non-cash and near-cash benefits.

Testimony of Jennifer Brooks, Wider Opportunities for Women, before the Subcommittee on 21st Century Competitiveness, Committee on Education and the Workforce

None of the U.S. Department of Health and Human Services' (HHS) welfare "leaver" studies (when income is reported) takes into account *increased expenses* associated with working. Thus, when wages are compared to either cash assistance and food stamps, or to the poverty measure, the comparison does not take into account the added expenses of child care, transportation, and taxes.

- **The relationship between the hourly wage of welfare leavers and their actual costs of living, based on family size and location.** The poverty measure does not take into account the differences between places in costs, nor does it take into account the differences in costs by *age* of children (especially child care). Based on the federal poverty standard, in 2001, a family of three was considered "poor" if it earned $14,630* – no matter *whether* they lived in New York City or rural South Dakota or whether they had two preschoolers needing full-time care or two teenagers.

  In the HHS "leaver" studies, if any comparison at all is made to assess income adequacy, wages are usually compared to the federal poverty measure, often the threshold for a family of three.

To answer these questions WOW, in cooperation with Dr. Diana Pearce at the University of Washington, has developed the Self-Sufficiency Standard, a measurement of the income that a family requires to meet its most basic needs – food, clothing, shelter, health care, transportation, child care, taxes – without any frills, and varies by a family's make-up and where they live. (See Appendix.)

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The Self-Sufficiency Standard tells us that the cost of living for families in many parts of the county is quite high, especially for parents of young children who need full-time child care. For example, in Los Angeles County, a single parent with a preschool- and school-age child needs an annual income of $40,870 to meet her basic needs without any public or private support; that same family in Rapid City, South Dakota needs $26,820, substantially less income, but still well above the federal poverty level—which is the same no matter where you live. The Self-Sufficiency Standard also tells us how work supports can lower the amount families need to earn in the short-term, while they gain experience and skills to move to higher-paying jobs.

What we know about costs of living for different places and families:

- **Costs vary dramatically based on where a family lives and the age of children**. For example, based on the Self-Sufficiency Standard …

Place	*Family Members*	*Monthly Income Needs*	*Annual Income Needs*
Washington, D.C.	parent, **preschool & school-age** child	$3,993	$47,916
	parent, **school-age** child & **teenager**	$3,010	$36,120
Rapid City, South Dakota	parent, **preschool & school-age** child	$2,235	$26,820
	parent, **school-age** child & **teenager**	$1,774	$21,288
Orange County, Indiana	parent, **preschool & school-age** child	$1,676	$20,112
	parent, **school-age** child & **teenager**	$1,544	$18,528

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What we know about the impact of work supports on the amount a family needs to earn:

- **With access to work supports that lower costs, families can meet their basic needs with lower incomes in the short-term, while they gain experience and skills to move to higher-paying jobs.**

  For example, using the Self-Sufficiency Standard we can model the impact ...

Place	*Family Members*	*Hourly Wage Needs w/ No Subsidies*	*Hourly Wage Needs w/ Child Care, Food Stamps & Health Care (Medicaid or SCHIP)*
Washington, D.C.	parent, infant & preschooler	$20.16	$7.97*
Sioux Falls, South Dakota	parent, infant & preschooler	$14.95	$7.06**
Indianapolis, Indiana	parent, infant & preschooler	$15.04	$5.65*

*Medicaid
**State Children's Health Insurance Program (SCHIP)

Even with the assistance of work supports, given these income requirements, it is clear that if we are to meet the goal in the welfare reform law of moving families to self-sufficiency, education and training opportunities must be made more available – both after welfare recipients have taken a first job and in preparation for that job.

We have clear evidence that education and training work:

- **Education and training increase the likelihood that single mothers will be in the labor force:** Compared to those without a high school diploma or equivalent, single female heads of household with a high school diploma were almost 60 percent more likely to be in the labor force. With a vocational Associate's degree, they were 95 percent more likely.[7]

[7] *Testimony of Jennifer Brooks, Wider Opportunities for Women, before the Subcommittee on 21st Century Competitiveness, Committee on Education and the Workforce*

- **Education and training increase the likelihood that families will be out of poverty:** Compared to those without a high school diploma or equivalent, those with a degree were 25.8 percent less likely to be below the poverty level. Earning a vocational Associate's degree reduces the likelihood by more than half. Earning a Bachelor's degree reduces the likelihood of being poor by 80 percent.[8]

- **Education and training increase wages and job retention:** 80-90 percent of parents who complete college degrees get jobs upon graduation and earn enough to exit the welfare rolls, with average wages of $25,000 to $30,000 per year. A year later, 80-90 percent are still employed. By contrast, only 40-50 percent of parents who complete "work-first" programs get jobs, and earn wages of just $6.50 per hour. A year later, 40-50 percent are unemployed and back on welfare again.[9]

We know what kind of education and training programs are most successful:

The most effective welfare-to-work programs have a flexible, balanced approach that offers a mix of job search, education, job training, and work activities.[10] These "mixed strategy" programs offer more-individualized services, have a central focus on employment, have close ties to local employers, set high expectations for participation, and make job quality a central goal.[11]

- **Functional Context Education:** Wider Opportunities for Women has advocated for training programs to utilize instructional strategies that integrate literacy skills and job content. This approach—called Functional Context Education (FCE)—works well for many low-skilled individuals who have experienced educational failures in the past. It provides skill development opportunities in the context that the learner will use them -- in the context of a

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job. Strong employer input and participation is key. Programs using FCE are able to accomplish in months what traditional programs take years to achieve because programs teach literacy and basic skills in the context in which the learner will use them, rather than in isolated segments. This shorter timeframe is especially critical considering the time constraints under TANF and the personal time constraints of single parents.[12]

- **Targeting Higher-Wage Jobs**: In every labor market, jobs exist that are in high demand by employers and pay decent wages. Starting out in better jobs (in terms of higher hourly wages or benefits) or in certain occupations (production, manufacturing, cleaning maintenance, etc. as opposed to sales) is linked both to job retention and to earning higher wages later.[13] Many of these jobs do not require substantial post-secondary training or education. However, identifying such jobs requires that an analysis be done to determine which industries, in a given labor market: (1) pay self-sufficiency wages, (2) are experiencing shortages (unmet demand), (3) the barriers that exist between these jobs and jobseekers (such as transportation/location, skill sets, language, etc.), and (4) the infrastructure (such as training programs or transportation) that is required to bring jobs and jobseekers together.[14] States should be required to identify higher-wage industrial sectors that need workers for welfare-to-work placements.
- **Increasing Access to Nontraditional Occupations**: According to the U.S. Department of Labor, nontraditional occupations (NTOs) are jobs in which 25 percent or less of the workforce is female. Nontraditional occupations for women pay 20-30 percent more than jobs traditionally held by women and offer excellent benefits and career advancement potential.

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For many women, nontraditional jobs (such as construction, copy machine repair, X-ray technician, or computer-aided drafting) require relatively little post-secondary training, yet provide wages at Self-Sufficiency levels. To enhance the access of women to these jobs—or training leading to these jobs—requires addressing a range of barriers that prevent women from entering and remaining in nontraditional occupations. Ensuring that women learn about different career options, including wage and benefit scales by way of career counseling, may be sufficient for women to gain greater access to some of these jobs, while other nontraditional jobs may require access to training or pre-apprenticeship preparation classes. Retention in nontraditional occupations may require supports such as nontraditional-hour child care or support for buying tools and special equipment.[15]

Education and training are severely limited under TANF:

Unlike its predecessor program, the Job Opportunities and Basic Skills program, the Temporary Assistance for Needy Families program severely limits access to education and training. For example, vocational education is permitted for only one year, and only for 30 percent of the caseload; higher education is not permitted at all. Indeed, according to the U.S. Department of Health and Human Services, between 1996 and 1997, the percentage of families on welfare participating in education and training fell sharply.[16] Local reports also indicate steep declines in the percentage of TANF recipients enrolled in post-secondary education.[17]

Welfare recipients face other barriers to full participation in the workforce:

Recent national and state-based research suggest that over half of the women receiving welfare have experienced physical abuse by an intimate male partner at some point during their life

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(as compared to the general population where the incidence averages 22 percent.)[18] Between 20 and 38 percent of women report physical abuse during the period in which they receive public assistance.

Victims of domestic violence require many of the same kinds of supports and access to job training programs as all other recipients. At the same time, women who have experienced difficulties with welfare program compliance also report higher rates of domestic violence.[19] Thus, additional TANF policies should be put in place to increase these recipients' ability to successfully transition from welfare to work:

- The Family Violence Option – which helps states craft special programs for victims of domestic and sexual violence – should be implemented in every state, with incentives for states to ensure successful implementation of these programs;
- TANF programs should establish cooperative agreements with agencies that provide safety and support for victims of domestic violence;
- TANF caseworkers should be trained about the nature of domestic violence, the safety needs of these clients and their families, and the availability of community resources;
- Clients should be directed to jobs and job-training programs that have developed employer practices to address the safety concerns of employees who may be victims of domestic violence; and
- States should be given incentives to fund the establishment of job training programs in conjunction with community-based domestic violence programs including shelters, transitional housing projects and counseling programs.

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Welfare Policy Imperatives for the 21st Century:

Congress now has under consideration various proposals to stimulate the economy. Of particular concern to many Members is the plight of workers displaced by the September terrorist attack on the United States. Many of these workers are low-wage earners and, in some instances, are just a step away from needing the assistance of the TANF program. WOW encourages Congress to establish policies both within the economic stimulus package and in the reauthorization of TANF that not only meet these families' immediate needs, but create paths to sustained self-sufficiency. A proactive and strategic investment in each of these families now will reduce the cost to them individually and to the country as a whole in the future. The country now begins a process of recovery and rebuilding that will extend far beyond the reauthorization of Personal Responsibility and Work Opportunity Reconciliation Act. Welfare policies should be developed that will give recipients access to jobs and training for jobs that will offer high wages and benefits, as well as the supports necessary to fully participate in the workforce and job training programs.

We agree with Health and Human Services Secretary Tommy Thompson who wrote in an op-ed in the Boston Globe: "Welfare reform is not about slashing caseloads or saving money. It takes a strong investment to ensure that families can successfully move from welfare to work. If families can't afford child care, they can't afford to work. If they don't have a way to get to work, they simply can't work. If they have no training or education, few jobs will be open to them."

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As you consider both economic stimulus packages and the reauthorization of the welfare law, WOW encourages you to invest in families. Give states the tools and incentives to help families not to just move off of welfare, but toward self-sufficiency. We encourage you to support programs that increase access to better jobs by rewarding states that:

- meet locally-based self-sufficiency goals for welfare leavers;
- identify higher-wage jobs that meet employer, worker and community needs and support the entrance of welfare leavers into those jobs, including nontraditional occupations for women;
- encourage post-secondary education participation, including vocational training, pre-apprenticeship and apprenticeship programs—provide supports, such as child care, and count such education as fulfilling work requirements;
- provide literacy programs that strengthen basic skills in the context of employment;
- increase the number of families that receive work supports—both cash assistance and subsidies, such as child care, food stamps, health care coverage, and transportation assistance;
- are responsive to barriers, such as domestic violence, that impede success in obtaining and retaining employment—policies and programs that help welfare recipients who are victims of domestic violence can include caseworker training, safety planning with victims and referrals to employers who have established specific workplace policies; and
- "stop the clock" for families receiving TANF who are engaged in work but whose earnings are so low that they remain eligible for partial TANF grants (see, for example, Illinois policy).

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Appendix – The Self-Sufficiency Standard

The Self-Sufficiency Standard has been calculated for 15 states and the Washington, DC metropolitan area. The states for which the Standard has been calculated includes: California, Colorado, Connecticut, Illinois, Indiana, Iowa, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, South Dakota, Texas, Wisconsin, and Washington State. It is under development in in Montana, Kentucky, Utah, Georgia, Arizona, Oklahoma, Nevada, West Virginia and Florida. Table 1 compares the Self-Sufficiency Standard hourly wages for several different family types for a large city and a rural county in each of 15 states and one metropolitan area. Although in every instance, the cost of living is less in the rural county selected than in the large city (usually the state's largest city), there is quite a bit of variation. Many of these states have "rural" counties, often either tourist areas (with high seasonal housing costs) or high-cost ex-urban communities, that are in fact as expensive, or more so, than the state's large urban areas. Thus, in Massachusetts, the Standard is higher in Cape Cod and the Islands than in Boston.

Table 1 also shows how costs vary for different family types. It shows the Standard as an hourly wage and assumes that the adult(s) work full-time (40 hours per week). The amounts are thus what adults, supporting themselves or a family, must earn to meet the family's basic needs. Not surprisingly, it costs quite a bit more when a single adult becomes a single parent with a child, especially a very young child. The differential is such that the single parent's Self-Sufficiency Standard is at least 150 percent of that of a single adult in her geographical area and as much as 200 percent or, in a few instances, more. The addition of a second child under school-age results in costs that are double to triple that of the single adult in the same community. Not just the number of children but the age of the children matters, too. The Self-

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Sufficiency Standard costs drop as the need for full-time child care lessens with older children. The last column shows the Standard for two parents with a preschool-age child and a school-age child. Reflecting the additional costs of food, health care, taxes, and transportation associated with a second adult, these numbers are only slightly higher than those for the single parent with two children of these ages. However, since there are two adults, this total reflects two wages, not just one, thus reducing the required wage of each and making it much easier to meet a family's needs with two breadwinners rather than just one. (The Self-Sufficiency Standard assumes that when there are two adults, both work equally, and both work full-time, and thus each incurs the costs associated with employment, such as taxes and transportation, and that they share such costs as child care, rent, food, and so forth).

In table 2, for six different places we compare the Self-Sufficiency Standard for a single parent with a preschool-age and a school-age child to other benchmarks of income: (1) welfare and food stamps; (2) minimum wage (minus taxes); (3) the federal poverty line; (4) local median family income.

As can be seen in table 2, the cash value of food stamps and cash assistance varies in amount from state to state, but even more as a percentage of the relevant Self-Sufficiency Standard. While actual benefits are higher in higher-income or higher-cost locales such as New Jersey or Washington, D.C., these benefits are low relative to the actual cost of living when compared to states such as Indiana. In Indiana a three-person household's cash benefits, though $1,500 per year less than in the District of Columbia, are more than one-third of the Self-Sufficiency Standard, while in Washington, D.C., the cash assistance is barely one-fifth of the Standard.

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Table 1: The Self-Sufficiency Standard Hourly Wages, Selected Family Types, Selected Jurisdictions in 16 States and Metropolitan Areas

	One Adult	One Adult, Preschooler	One Adult, Preschooler, Schoolage	Two Adults, Preschooler, Schoolage
California, 2000				
Los Angeles-Long Beach PMSA	*$8.54*	*$16.65*	*$19.35*	*$11.35 per adult*
Alpine County	*$7.02*	*$11.38*	*$14.46*	*$8.72 per adult*
Colorado, 2001				
Denver County	*$7.99*	*$14.76*	*$18.90*	*$10.72 per adult*
Yuma County	*$6.56*	*$9.55*	*$11.26*	*$7.23 per adult*
Connecticut, 1998				
Stamford-Norwalk Region	*$9.75*	*$17.70*	*$20.93*	*$11.57 per adult*
Northeast Region	*$6.59*	*$12.18*	*$15.57*	*$8.96 per adult*
Illinois, 1996				
Chicago, Cook County	*$7.15*	*$12.19*	*$14.48*	*$8.24 per adult*
Randolph County	*$4.62*	*$7.49*	*$9.80*	*$6.41 per adult*
Indiana, 1998				
Indianapolis, Marion County	*$6.45*	*$11.01*	*$14.21*	*$8.28 per adult*
Orange County	*$5.30*	*$7.28*	*$9.52*	*$6.55 per adult*
Iowa, 1994				
Davenport-Moline-Rock Island – Scott County	*$5.10*	*$9.06*	*$12.81*	*$8.06 per adult*
Marion County	*$4.91*	*$8.53*	*$11.30*	*$7.24 per adult*
Massachusetts, 1997				
Boston, MA-NH PMSA, Suffolk Cty., City of Boston	*$7.52*	*$15.28*	*$18.54*	*$10.08 per adult*
Berkshire County – Western Massachusetts	*$6.16*	*$11.68*	*$13.98*	*$8.08 per adult*
New Jersey, 1999				
Northern Bergen County	*$8.03*	*$15.56*	*$18.03*	*$9.87 per adult*
Atlantic County (Cape May)	*$7.28*	*$13.91*	*$16.28*	*$9.40 per adult*
New York, 2000				
Kings County (Brooklyn)	*$8.65*	*$16.79*	*$21.11*	*$11.67 per adult*
Clinton County (Plattsburgh)	*$6.27*	*$11.01*	*$13.72*	*$8.38 per adult*
North Carolina, 1996				
Raleigh-Durham-Chapel Hill MSA	*$6.71*	*$11.01*	*$13.51*	*$7.78 per adult*
Warren County	*$5.05*	*$7.55*	*$9.32*	*$5.96 per adult*
Pennsylvania, 2001				
Philadelphia, PA-NJ PMSA, Philadelphia County	*$8.32*	*$15.13*	*$17.93*	*$10.13 per adult*
Warren County	*$6.66*	*$10.55*	*$13.05*	*$8.44 per adult*
South Dakota, 2000				
Rapid City/Pennington County	*$6.06*	*$10.26*	*$12.70*	*$7.78 per adult*
Spink County	*$5.36*	*$8.53*	*$11.68*	*$7.34 per adult*
Texas, 1996				
Houston PMSA	*$5.74*	*$9.84*	*$13.85*	*$7.94 per adult*
Kerr County	*$4.96*	*$7.84*	*$9.61*	*$6.20 per adult*

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Before the Subcommittee on 21st Century Competitiveness, Committee on Education and the Workforce

The Self-Sufficiency Standard Hourly Wages, Selected Family Types, Selected Jurisdictions in 16 States and Metropolitan Areas (cont.)

Washington State, 2001				
Seattle-Bellevue-Everett PMSA, King County (East)	$9.61	$17.33	$20.70	$11.76 per adult
Chelan County	$6.23	$10.86	$12.54	$7.90 per adult
Washington, DC, Metropolitan Area, 1998				
The District of Columbia	$7.99	$16.06	$22.69	$12.48 per adult
Montgomery County, MD	$9.20	$15.73	$21.10	$11.76 per adult
Prince George's County, MD	$7.94	$12.96	$17.14	$9.78 per adult
Alexandria, VA	$8.66	$15.16	$20.46	$11.47 per adult
Arlington County, VA	$9.19	$16.52	$22.86	$12.67 per adult
Wisconsin, 2000				
Milwaukee-Waukesha PMSA, Milwaukee County	$6.90	$15.36	$19.96	$11.13 per adult
Ashland County	$5.49	$10.60	$14.38	$8.40 per adult

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Table 2. Comparing the Self-Sufficiency Standard for a Single Parent with a Preschool-Age Child and a School-Age Child to Income Benchmarks

City and STATE:	Welfare and Food Stamps	Minimum Wage (minus taxes)	Federal Poverty Line	Self-Sufficiency Wage	Median Family Income	The Self-Sufficiency Standard as a % of Median Income
Monmouth, NEW JERSEY (1999)	$9,108	$9,856	$13,880	$40,415	$53,800	75%
as % of the Self-Sufficiency Standard	23%	24%	34%	100%	133%	
Muncie, INDIANA (1998)	$8,928	$9,578	$13,650	$24,564	$37,832	65%
as % of the Self-Sufficiency Standard	36%	39%	56%	100%	154%	
Washington, DC (1998)	$10,464	$11,804	$13,650	$47,916	$65,100	74%
as % of the Self-Sufficiency Standard	22%	25%	28%	100%	136%	
Pittsburgh, PENNSYLVANIA (1998)	$8,928	$9,578	$13,650	$26,388	$36,810	72%
as % of the Self-Sufficiency Standard	34%	36%	52%	100%	139%	
Worcester, MASSACHUSETTS 1997)	$10,272	$9,856	$13,330	$35,460	$45,900	77%
as % of the Self-Sufficiency Standard	29%	28%	38%	100%	129%	
Springfield, ILLINOIS (1996)	$8,280	$9,578	$12,980	$24,554	$47,700	51%
as % of the Self-Sufficiency Standard	34%	39%	53%	100%	194%	

Likewise, when one examines the adequacy of the minimum wage, one finds large variations among jurisdictions. Although the federal minimum wage is $5.15 per hour, several states have higher minimums, and state taxes vary somewhat from state to state. (We do not include he value of tax credits because families at the minimum wage either do not qualify for them or will not receive them at this wage level.)[20] We find that working full-time and year-round at

[20] *Testimony of Jennifer Brooks, Wider Opportunities for Women, before the Subcommittee on 21st Century Competitiveness, Committee on Education and the Workforce*

the minimum wage provides only about 25 percent to about 40 percent of the Self-Sufficiency Standard. Thus, even two adults working at minimum wage would in most states be below Self-Sufficiency (this does not take into account the additional expenses of a second adult not included in the Standard used here).

Similarly the federal poverty line for a family of three (which is the same for every jurisdiction, varying only by the year for which the Standard was calculated) ranges from about one-third to about one-half of the respective Self-Sufficiency Standard. While adding the costs of employment, including child care, transportation, and taxes, would raise the poverty level closer to what a family really needs, the poverty level would still be substantially below the Self-Sufficiency Standard. Moreover, the variation across geographical jurisdictions reinforces the federal poverty standard's not taking into account the wide range in the cost of living. These comparisons again highlight the inappropriateness of using a standard such as the federal poverty measure to assess income adequacy for families with employed adults for, unlike the Self-Sufficiency Standard, the poverty measure does not incorporate geographical differences or include costs associated with employment.

In table 2 the Self-Sufficiency Standard is compared with the local median family income. In this case, we have calculated the Self-Sufficiency Standard as a percent of the area median income (for a family of three). As can be seen in table 2, the Self-Sufficiency Standard ranges from 51 percent of the area median income for a family of three (Springfield, Illinois) to 77 percent (Worcester, Massachusetts). The U.S. Department of Housing and Urban Development (HUD) uses area median income as a standard to assess families' needs for housing assistance. Those with incomes below 50 percent of the median area income are considered "very low

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income," while those whose incomes are below 80 percent of the median are considered "low income."[21] Thus the Self-Sufficiency Standard in all of these states falls within the HUD definition of "low income" but not "very low income."

Figures 2 and 3 demonstrate how work supports interact with wages to lower the amount families need to earn in the short-term, while they gain experience and skills to move to higher-paying jobs. Figure 2 shows the affect of subsidized child care on earnings needs for a single-parent with one infant and preschool-age child in seven different locales. Although child care subsidy policies vary from state to state, in each case, the receipt of a child care subsidy dramatically lowers the wage that a family would need to earn.

Figure 2. Impact of Subsidized Child Care on Earnings for a Single-Parent with One Infant and Preschool-Age Child, Selected Locales

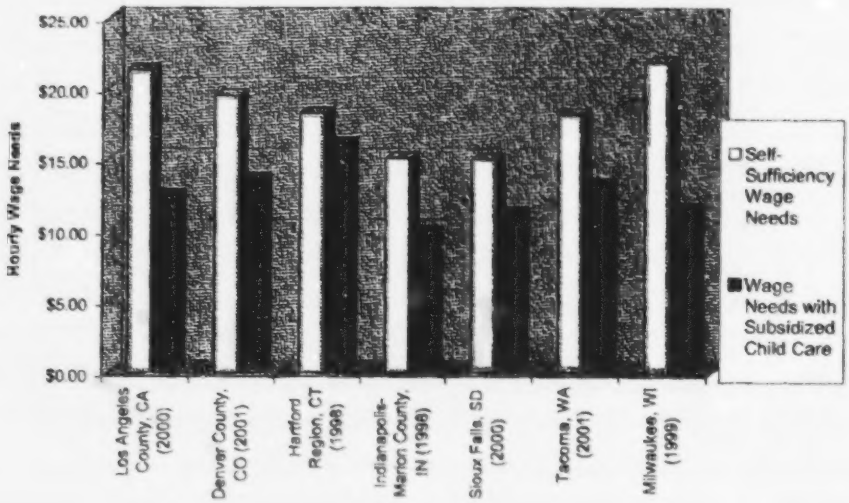

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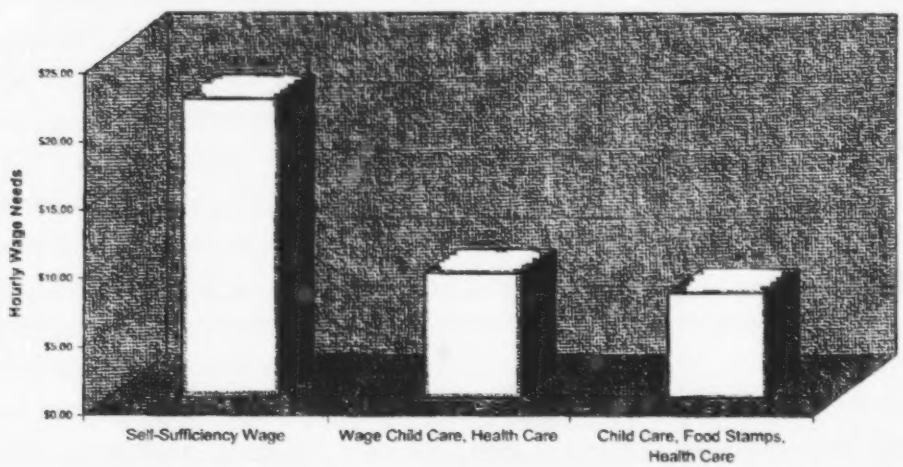
Figure 3 shows the effect of combining several work supports—child care and health care, then child care, health care and food stamps—on the wage needs of a single-parent with one infant and preschool-age child in Milwaukee, Wisconsin. Without any work supports, this family needs to earn $21.86 per hour. However, if the family received a child care and health care subsidy, the wage needed to cover basic costs would be reduced to $9.05 per hour. If this family also received food stamps, the wage needed would be further reduced to $7.65 per hour.

Figure 3. Impact of Work Supports on Hourly Wage Needs for a Single-Parent with One Infant and Preschool-Age Child, Milwaukee, WI, 1999



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Endnotes:

[1] Initial Synthesis Report of the Findings from ASPE's "Leavers" Grants, Prepared by Gregory Acs and Pamela Loprest, The Urban Institute, Washington, DC 20037, January 4, 2001, http://aspe.hhs.gov/hsp/leavers99/synthesis01/.

[2] *Ibid.*

[3] According to Acs and Loprest, although "slightly over half of all leavers work in any given post-exit quarter, it is not uncommon for leavers to cycle in and out of jobs; consequently, the share of leavers who ever worked over the year after exit is considerably higher and the share who worked in all four quarters is considerably lower." [1] Initial Synthesis Report of the Findings from ASPE's "Leavers" Grants, Prepared by Gregory Acs and Pamela Loprest, The Urban Institute, Washington, DC 20037, January 4, 2001, http://aspe.hhs.gov/hsp/leavers99/synthesis01/

[4] Arloc Sherman, et al., *Welfare to What? Early Findings on Family Hardship and Well-Being*, (Washington, D.C.: Children's defense Fund and National Coalition for the Homeless, December 1998). According to the report, one in three children in families who recently lost TANF assistance (36%) were "eating less or skipping meals due to cost" according to a 1997 survey of 70 agencies (p. 20). Out of 27,700 clients surveyed at food banks and soup kitchens nationwide, one in eight had recently come off of public assistance--families and individuals. Second Harvests' survey represents more than 21 million individuals nationwide who use their food assistance program. If these numbers are representative, then more than 2.5 people turn to emergency food programs and food banks after losing public assistance (p. 20). An Atlanta survey found that nearly one-half (46%) of the 161 homeless families with children interviewed in shelters or other homeless facilities had lost TANF benefits in the past 12 months. In a survey of 777 homeless families in 10 cities nationwide in 1997 and 1998, one in 10 indicated their homelessness was due to loss of TANF benefits (p. 20).

[5] Initial Synthesis Report of the Findings from ASPE's "Leavers" Grants, Prepared by Gregory Acs and Pamela Loprest, The Urban Institute, Washington, DC 20037, January 4, 2001, http://aspe.hhs.gov/hsp/leavers99/synthesis01/.

[6] 2001 HHS Poverty Guidelines for a family of three in the 48 contiguous states and D.C., http://aspe.hhs.gov/poverty/01poverty.htm.

[7] U.S. Department of the Census, 2000, as cited in Enoch Buck, Ph.D., "The Impact of Postsecondary Education on Poverty, Employment and Labor Force participation Among Single Female Heads of Household with Children," (San Diego, CA : San Diego State University, 2001).

[8] U.S. Department of Census, Current Population Study, 1992-2000, as cited in Enoch Buck, Ph.D., "The Impact of Postsecondary Education on Poverty, Employment and Labor Force participation Among Single Female Heads of Household with Children," (San Diego, CA : San Diego State University, 2001).

[9] Cited by LIFETIME, Low-Income Families' Empowerment through Education, (Berkeley CA, LIFETIME, 2001).

[10] Stephen Freedman et al., *Evaluating Alternative Welfare-to-Work Approaches. Two-Year Impacts for Eleven Programs*, (Washington, DC: U.S. Department of Health and Human Services and U.S. Department of Education, Washington, DC, 2000.

[11] Julie Strawn, *Beyond Job Search or Basic Education: Rethinking the Role of Skills in Welfare Reform*, Center for Law and Social Policy, 1998).

[12] Wider Opportunities for Women, *Six Strategies for Self-Sufficiency* (Washington, D.C.: Wider Opportunities for Women, 1996). For examples of model Functional Context Education Programs see Center for Employment Training program in San Juan, California.

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[13] Julie Strawn and Karin Martinson, *Steady Work and Better Jobs: How to Help Low-income Parents Sustain Employment and Advance in the Workforce*, (New York: Manpower Demonstration Research Corporation, 2000), p.19.

[14] This approach is called a "sectoral employment intervention." For more information, see Wider Opportunities for Women, *Six Strategies for Self-Sufficiency* (Washington, D.C.: Wider Opportunities for Women, 1996); or the National Network of Sector Practitioners at http://www.nedlc.org/nnsp/.

[15] See Wider Opportunities for Women's http://www.work4women.org/ for more information about nontraditional employment for women.

[16] U.S. Department of Health and Human Services, Administration for Children and Families, FY 1996 and FY 1997 participation data.

[17] See, for example, Peggy Kahn and Valerie Polakow, *Struggling to Stay in School: Obstacles to Post-Secondary Education Under the Welfare-to-Work Regime in Michigan* (Flint, MI: University of Michigan, Center for the Education of Women, 2000); Robert E. Pierre, "Trading Textbooks for Jobs," *Washington Post*, December 29, 1997.

[18] Eleanor Lyon, "Welfare, Poverty and Abused Women: New Research and Its Implications," National Resource Center on Domestic Violence, October, 2000.

[19] *ibid.*

[20] At the minimum wage (federal or state), a single parent with two children would not pay any federal taxes. Since the both the child tax credit and the child care tax credit are credits against the federal tax, the single parent would not receive either of those. The single parent would, however, qualify for an earned income tax credit, at or near the maximum of $3,756 in 1999. However, very few receive this credit on a monthly basis, and if they do, they are limited by law to only a portion, about $116 per month in 1999. Because they are unlikely to receive it in the year in which they earn it, or at best only a partial payment, we do not include it here. *See also* Michael A. O'Connor, *The Earned Income Tax Credit: Eligible Families at Risk of Losing Benefits*, 33 Clearinghouse Rev. 433 (Nov.–Dec. 1999).

[21] Almost all assistance is limited to those of very low income, and even then only about one-fourth of eligible families receive housing assistance.

APPENDIX H – SUBMITTED FOR THE RECORD, WRITTEN TESTIMONY SUBMITTED BY THE NATIONAL ASSOCIATION OF SERVICE AND CONSERVATION CORPS REGARDING "EDUCATION AND TRAINING IN WELFARE."

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WRITTEN TESTIMONY
Submitted to Subcommittee on 21st Century Competitiveness
Regarding "Education and Training in Welfare"

by Andrew Owens Moore
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Unemployment remains high among young people and in central cities. Government and program administrators alike regard the welfare population, after the big drop in numbers on the rolls, as increasingly "hard to serve." Where beside the US are such stories familiar? In the United Kingdom. And given the similar challenges, the Chronicle's recent reporting on reauthorization of Federal welfare legislation stands ready for supplementing with a view to what the US can learn from across the pond. An Atlantic Fellowship in Public Policy and a sabbatical, courtesy of The British Council and my home organization, the National Association of Service and Conservation Corps, recently provided me the opportunity to examine in-depth the welfare reform efforts underway in the UK. For members of the Subcommittee I can offer, not "what I did on my summer vacation," but instead the following conclusions and recommendations from a moist, train-delayed, foot-and-mouthed ten-month experience.

1. Add a major commitment to transitional jobs

The US should take a page from the British playbook and launch a transitional jobs program through the welfare reform bill next year. Across the Atlantic, not long after the 1996 passage of US welfare reform, the UK also adopted a get-tough "work first" policy – with the important built-in protection of the promise of a temporary job for those who live in areas with few jobs, or whose present limited skills and lack of connections deny them access to jobs. As a result over a three-year period, tens of thousands of young adults gained work experience as they did public benefit projects in local parks, gardens, and trails, and helped secondhand shops pursue their missions. Indeed, when the British New Deal's Environmental Task Force worked best, it involved comprehensive wage-paying jobs rather than desultory work-for-benefits.

Experience is building. Already some thirty pilot transitional jobs programs for welfare recipients operate across the US, as well as longstanding overlapping programs such as conservation and service corps (23,000 participants nationwide). Philadelphia is home to a model program, the Transitional Work Corporation, which provides temporary jobs for six months, and Washington State's Community Jobs program has produced pointers for operating across rural and urban areas statewide. Significantly, the lessons of pilots in the UK and US are mutually reinforcing – participants should be paid a wage, they should have access to education and training, the work should supplement existing efforts.

Transitional jobs are already permissible activities under TANF. They could spread in practice with a stronger legislative endorsement, or some sort of set-aside or requirement for their application. Existing small programs deserve further scrutiny and a chance at expansion, and more cities and states need federal encouragement to tread the transitional path. The UK government will soon launch transitional employment pilots for the hard-to-serve, and the US can learn from those as well.

2. Poverty reduction as policy goal: Not a panacea

Progressive advocates are speaking out more and more to ask that poverty reduction become the chief goal of the next generation of welfare reform. Of note, poverty reduction has been a leading purpose of British welfare reform since at least 1997. Going into this spring's election, the new Labour government crowed about its role in reducing the number of children in poverty during its four-year term from 4 million to 3 million. The government's current reform plans seek to remove another one million children from the ranks of the poor.

The British experience also reveals contradictions likely to be surface in the US, suggesting that advocates for the poor need to undertake further woodshedding of their "goal reform" plans. For starters, even with child poverty reduction as the chief stated goal, the search for ways to reduce the number of people on the welfare rolls through "rapid attachment" to jobs is the leading edge of British policy. Talk of "reducing poverty" begs many a question concerning the definition of poverty which, if not addressed thoroughly, may lead to honest questions about whether people are really better off under a given welfare regime. And overall national measurements of the number of the poor make ready fodder for politicians' press releases but easily mask huge structural, ethnic, and regional variations. Better for US advocates to ensure that they are proposing a comprehensive -- and necessarily complex -- vision that cannot be hijacked on yet another roll-reduction spree.

3. Revisit the broader question of how, and with whom, we really think we can reduce poverty.

Is it children, or is it parents? Is it benefit recipients, or all of the poor, on whom social policy should focus? These are just two of the big-picture questions with which the British welfare state has grappled since its advent just after World War II, and which also helped inform the broader-minded passages of the 1996 US Personal Responsibility Act. Notwithstanding the feverish recent focus on reducing the number of young adults receiving unemployment benefits (whether or not they have worked before), the UK system remains universal. Those in the US have an easy reminder of the vast comparative difference if they recall that virtually no US young adults have worked long enough to qualify for unemployment benefits, and if they had, the benefits would almost certainly be privately provided and minimal. The persistence in the UK of a political consensus in favor of a welfare system that provides benefits when needed to the young

unemployed and laid-off older workers alike stands as a challenge to the US, which has never embraced universalism except in the (huge) case of Social Security.

As the welfare reauthorization debate proceeds, the US should continually revisit the outlines of social welfare policy and not allow debate to be determined by the minutiae of the outdated compromise that TANF represents. Those outlines need to be broad enough to demonstrate that the US has thought through its policy responses to the vast numbers of noncustodial parents who could take a larger role in caregiving or in the regular economy, to the 2.4 million young adults who lack secondary education credentials and jobs, to the parents and children who are primarily engaged in the worthy occupation of caregiving, to the large numbers of young people due to leave prison in the coming decade, and so on.

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